

# **Brockton Financial Forecast: Users' Guide and Assumptions**

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**MCCORMACK GRADUATE SCHOOL OF POLICY AND GLOBAL STUDIES**

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# INTRODUCTION

The object of the City of Brockton's financial forecast is to conservatively project revenues and expenditures five years into the future (FY2019-FY2023). The forecast is intended to provide policymakers with the information they need to make informed decisions around the City's financial strategies and policies, long-term financial and capital planning, and long-term contracts or obligations.

Revenue and expenditure forecasting is a powerful financial planning tool that can be used to isolate the impact of particular future events and determine their effects on the City's financial picture. The forecasting model is designed using reasonable assumptions about a wide variety of future events and, by using these assumptions along with known facts, a comprehensive view of the City's fiscal outlook emerges. Though potential exists that any one item in the forecast may be less than accurate, when taken as a whole, a well-built model presents a fair representation of the City's future finances.

The approach used in the forecast model for the City of Brockton assumes that current service levels will be maintained in the future years of the forecast. The model also assumes that existing Massachusetts General Laws and regulations will remain unchanged over the forecast period. However, as new information becomes available here forward, the assumptions and estimates used in the current projections will need to be regularly re-evaluated by City officials to determine if they are still appropriate and reasonable.

The forecast is structured as a series of Excel worksheets. The totals from the detailed Revenue Projections and Expenditure Projections worksheets that flow into a "Summary" worksheet which reveals projected future operating surpluses or deficits. A series of worksheets calculate the impacts of cost-of-living and step increases (COLA and Wages), employee benefits (Benefits), and labor, benefit, and operating expenses for the various enterprise funds, all of which tie to the projections worksheets. In addition, prior year or current data is available for more in-depth analysis of issues like new growth (Growth), debt service (Debt and Debt Detail), and prior year actual expenses (Expenditure History).

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# REVENUE PROJECTIONS

## **PROPERTY TAX LEVY**

Annual tax levy growth is constrained by Proposition 2 1/2, the Massachusetts General Law that limits the annual growth in a municipality's total tax levy to 2.5 percent, plus an allowance for certain new construction and other additions to the tax rolls. The law also allows a city or town to increase taxes beyond this levy limit with voter approval. An override of this limit by voters becomes a permanent part of the tax levy calculation in future years and is best used for recurring expenses in the regular operating budget. A debt exclusion may also be approved by voters to increase the levy limit temporarily to fund capital projects. Generally, these projects are financed by borrowing and the annual debt service is added to the levy limit each year until the project is paid off.

Over the past ten years, new growth in Brockton has averaged \$1.6 million (see "Growth"), with the City experiencing more rapid new growth ranging from \$1.4 to \$2.9 million in the past five years. Actual new growth of \$2.26 million has been input into the FY2017 base year, along with City's FY2018 projection of \$1.8 million. However, the forecast projects new growth of \$1.916 million over the five years of the forecast (FY2019-FY2023). This is based upon a conservative average of new growth over the previous five-year period and does not incorporate any special development(s) during the forecast period. Generally, tax rates will rise slightly each year as the levy limit grows and property valuations are stable. New growth is reported to the State each year on Form LA-13 which is typically submitted in late summer or early fall prior to setting a tax rate.

In FY2017, the City did not use its full annual taxing capacity, but does so in the FY2018 budget. It is anticipated that the City will fully utilize its taxing capacity during the remaining term of the forecast.

The City has no Operating Overrides or Debt Exclusions.

Levy limit information is published each year by the Division of Local Services (<https://dls.gateway.dor.state.ma.us/gateway/Login>) and should be reviewed by City officials periodically in late summer and early fall as growth is certified.

## **STATE AID CHERRY SHEET**

**Chapter 70** – Chapter 70 education aid is determined each year by the Department of Elementary and Secondary Education (DESE) using a complex formula. The formula entails calculating a foundation budget for each municipality or school district based on the number and characteristics of the pupils (e.g., low income, bilingual or vocational) in the district. The foundation budget represents the minimum level of spending necessary to provide an adequate education in each district. Generally, in communities with sufficient resources, required school spending (aka, "net school spending") is well above the calculated foundation budget, reflective of historically high education spending. In

communities with fewer resources and lower historical spending on education, the formula seeks to maintain required net school spending at a level at least as high as the foundation budget.

To determine the relative contributions from municipal revenues versus state Chapter 70 aid necessary to meet required education spending levels, DESE calculates target levels of local (municipal) contribution and target levels of (state) Chapter 70 aid. These calculations are based on the total income of a municipality's residents and the total property wealth of the municipality. For example, if a community has sufficient income and property wealth to cover 60 percent of the foundation budget, then the State aid target is 40 percent of foundation. Income is measured using State Department of Revenue total income by community from state tax returns and property wealth is measured using equalized property values for each community. Equalized property values are determined by the state every two years and control for differences in local assessing practices. In cases where a municipality has a low ability to pay, less is required from the municipality and state Chapter 70 aid fills the gap between the foundation budget and the required local contribution.

Brockton provides public education locally and receives Chapter 70 state school aid and Charter School Tuition aid to offset some of the costs to educate these pupils. In FY2017, state Chapter 70 aid and Charter School Tuition contributed \$170.4 million or 41.4 % of Brockton School District's general fund budget, while the City contributed an additional \$40.1 million via direct and indirect costs.

Utilizing the Governor's proposed FY2018 Cherry Sheet, Chapter 70 funding will increase by approximately \$976,350, or 0.57% in FY2018. The forecast incorporates a projected increase of 0.5% per year over the five year period. This assumption will need to be monitored by City officials since significant future enrollment increases, changes to the method of calculating the foundation budget, or a material increase in the rate of inflation applied to the foundation budget may change the City's status regarding Chapter 70 aid. With sufficient future growth in its foundation budget, the Brockton's schools may see a larger increase in Chapter 70 aid. If this occurs, however, the additional revenue will be earmarked for the local school district.

The FY2019-FY2023 forecast does not factor in any of the recent recommendations of the Foundation Budget Review Commission to substantially increase certain foundation budget calculations. If this occurs, the City should see larger increases in its foundation budget and Chapter 70 aid for the elementary district.

Each year City officials will need to revisit the projection of Chapter 70 funding as the state budget process progresses. However, the Department of Elementary and Secondary Education (DESE) only publishes detailed Chapter 70 numbers for the Governor's budget and the final state budget on its school finance page under the Chapter 70 heading: <http://www.doe.mass.edu/finance/chapter70/>. To access this information, in the Chapter 70 State Aid and Spending Requirement section, click on the FY2018 Chapter 70 link and then open the "Complete Formula Spreadsheet." In the index, select "Brockton" and then go the "regional allocation" tab. This will provide local officials with the information on the City's total foundation budget, Chapter 70 aid and minimum contributions. Narrative associated with this spreadsheet will also provide City officials with information about whether additional funding has been added to the foundation budget based on the recommendations of the Foundation Budget Review Commission.

**Charter Tuition Reimbursement** – Brockton receives a reimbursement for charter school tuition. In



FY2017, the City's reimbursement for charter tuition was \$416,544. This amount could change materially if additional Brockton pupils attend charter schools in the future or if changes proposed to the charter reimbursement formula are enacted. Included in the Governor's proposed FY 2018 Cherry Sheet is an increase in Charter School Reimbursements of \$1.7 million or 400%, for a total reimbursement of just over \$2.1 million. The forecast assumes that the FY2018 figure will increase by 0.5% per year through the remaining term of the forecast.

***School Choice Receiving Tuition*** - The Governor's and House Ways & Means FY2018 Cherry Sheets propose an increase in the City's School Choice Receiving Tuition (generated by students who live in other districts and choose to attend Brockton Schools) from \$136,000 to \$193,085, or a 41.9% increase. This revenue is assumed to be level funded through the remaining term of the forecast.

***Unrestricted General Government Aid (UGGA)*** – In FY2017, UGGA grew at a rate of 4.3 percent from \$19.3 million in FY2016 to \$20.1 million in FY2017. The Governor's and House Ways & Means proposed FY2018 budgets include an increase for Brockton to \$20,917,128. This is an increase of \$785,147, or 3.9%. Going forward, this account is projected to be level funded over the period of this forecast. In recent years, when new aid has been added to this account, it has been distributed based on the proportion of existing aid received by a community relative to the total amount of aid to all communities. For example, if a community's existing UGGA represents 2 percent of the total amount statewide, any new distribution to this community will be 2 percent of the amount added to the state total.

To keep UGGA and the other cherry sheet accounts below up to date, City officials will need to monitor the local aid estimates published by the Division of Local Services at each juncture of the state budget process: <http://www.mass.gov/dor/local-officials/municipal-databank-and-local-aid-unit/cherry-sheets/>. The Governor's budget is typically released in January of each year. Following this is the House Ways and Means Committee budget in mid-April, the final House budget in late April, the Senate Ways and Means budget in mid-May, and final Senate budget in late May. The Conference Committee's budget, which resolves differences in the two legislative versions of the budget, is typically issued in late June. Final cherry sheets reflect any vetoes by the Governor and/or any legislative overrides of these vetoes.

***Veterans Benefits and Exemptions for Veterans and Elderly*** – These accounts consist of reimbursements for veterans' benefits and certain local property exemptions for qualified individuals. In FY2017, the City received \$1,106,739 in reimbursements. The Governor's proposed FY2018 Cherry Sheet includes a slight increase in these two revenues to \$1,096,735. Going forward, this account is projected to be level funded over the period of this forecast.

***State-Owned Land*** – This item is for reimbursement for State-owned land. In FY2017, the City received \$204 for State-owned land. The Governor's proposed FY2018 Cherry Sheet includes the amount of \$204. The forecast assumes level funding over the four-year period.

***Aid to Public Libraries*** -- This item is a Cherry Sheet offset and may be spent without an appropriation by the City's library. This account has no real impact on the forecast since it is also raised on the expenditure side, essentially pulling these revenues out of the general revenue mix for direct use by the library department without appropriation.

## **LOCAL ESTIMATED RECEIPTS**

Local estimated receipts are locally generated revenues, other than real and personal property taxes. Examples include motor vehicle excise, investment income, payments in lieu of taxes, penalties and interest on taxes, departmental revenue, fines, and permit fees. Annual estimates of local receipts are shown on the tax rate recapitulation sheet in the forecast.

The City's FY2018 budget expectation includes an increase in local receipts based upon historic trends for prior years, with an emphasis on FY2016 actual collections. Motor vehicle excise revenue is the City's largest local receipt constituting about 38.7% of the total estimated receipts. It is anticipated that this revenue will grow by approximately 2% per year during the forecast period. Other significant local receipts include penalties and interest on taxes (9.1%), license revenue (13.65%), the meals, and other excise tax (5.46%). Together these receipts total \$21.9 million of the City's FY2018 budget estimates, or 5.19%. All other revenue with the exception of the Meals and other excise taxes are expected to be level funded during the period of this forecast. The City included a Meals tax estimate of \$830,000 in its FY2017 revenue budget, underestimating the prior year actual by more than \$150,000. The FY 2018 estimate is adjusted upward to \$1 million, taking into consideration the FY2016 actual. This is an increase of \$170,000 or 20.48%. The estimate is then increased by 2% annual through the term of the forecast.

The City collected Hotel Excise taxes during the period of FY 2014 through FY 2016, ranging from between \$725,000 and \$835,000. However, there is no hotel revenue anticipated by the City for FY2017 and beyond.

The cable franchise fee - The City collected \$1,052,125 in FY2016 included an estimate of \$760,000 in its FY2017 revenue budget, underestimating the prior year actual by more than \$292,125. The FY2018 estimate is further reduced to \$750,000 and is then level funded through the term of the forecast.

Going forward, City officials will need to continue to closely monitor actual receipts as compared to budget estimates for all categories based on information from the accountant's records.

## **ENTERPRISE AND SPECIAL REVENUE FUNDS**

The City receives revenue from its Sewer, Water, Refuse, Renewable Energy, Golf and Parking Authority Enterprise and Special Revenue funds. The FY2017 revenue transfer to the General Fund from these funds was \$48,784,464, or 11.81% of the total General Fund revenue, in order to cover the cost of operations and capture overhead expenses. The City subsidizes the Recreation Special Revenue Fund in the amount of \$927,287. In FY2018, the subsidy increases to \$984,127. As best practices suggest that the appropriate model is a fully recoverable cost, it is recommended that the general fund subsidy to Golf and Parks be phased out. As it is difficult to forecast year end fund balances of each of the enterprise funds, a four-year average (FY2015 – FY2018) was used. The averages were then inflated by 2% annually through the term of the forecast.

***Recreation Enterprise Fund*** - The City's Recreation Enterprise Fund totaled \$1.99 million in FY2017. Approximately 41.4% of the revenue was generated by user fees. Another 12% was generated from prior year fund balances. The remaining 46.6% came from a General Fund subsidy in the amount of \$927,287. It is anticipated that salaries will increase by 2.5% and other expenditures by 2% through the term of the forecast.

***Refuse Enterprise Fund*** – The City's Refuse Enterprise Fund totaled \$8.34 million in FY2017. Approximately 80% of the revenue was generated from user fees while the remaining 20% was generated from prior year fund balances. It is anticipated that salaries will increase by 2.5% and other expenditures and Expense reimbursements by 2% through the term of the forecast.

***Renewable Energy Enterprise Fund*** – The City's Renewable Energy Enterprise Fund totaled \$137,168 in FY2017. Approximately 86% of the revenue was generated by user fee charges. The remaining 14% was generated by prior year fund balances. It is anticipated that expenses will increase by 2% annually through the term of the forecast.

***Sewer Enterprise Fund*** – The City's Sewer Enterprise Fund totaled \$20.05 million in FY2017. Approximately 90% was generated from user fees and the remained generated from prior year fund balances. Prior year fund balances have changed dramatically from year to year, reflecting a policy of utilizing this revenue source in order to reduce the increase in user rates. It is anticipated that salaries will increase by 2.5% and other expenditures and Expense reimbursements by 2% through the term of the forecast. Debt service shows a decrease over the term of the forecast, reflecting the declining balance of debt principle.

***Water Enterprise Fund*** - Approximately 93% was generated from user fees and the remainder was generated from prior year fund balances. Prior year fund balances have changed dramatically from year to year, reflecting a policy of utilizing this revenue source in order to reduce the increase in user rates. It is anticipated that salaries will increase by 2.5% and other expenditures and expense reimbursements by 2% through the term of the forecast. Debt service shows a decrease over the term of the forecast, reflecting the declining balance of debt principle.

## **OTHER AVAILABLE FUNDS**

The forecast includes Other Available Revenue, including revenues from the Parking Authority, Weights and Measures receipts, Ambulance receipts, and overlay surplus. The total amount included in the FY2017 revenue budget is \$3.8 million, or 0.92% of the total revenue budget. In the FY2018 budget, this revenue source is reduced to \$1.58 million, or 0.37% of total revenue. This is predominantly due to the fact that nearly \$2.6 million in overlay surplus used to balance the FY2017 budget was one-time in nature and is not available in FY2018.

## **FREE CASH**

In FY2017, the City appropriated \$14,659,623 in Free Cash to balance the budget and support pension

costs. Approximately \$14.58 million in Free Cash has been built into the FY2018 budget. As Free Cash is a non-recurring revenue, it is difficult to predict what level of funding would be available in future years. The forecast reduces the amount of free cash for operations by \$1 million per year over the next five years.

## EXPENDITURE PROJECTIONS

Detailed expenditure projections are contained in eight “Expenditure” worksheets, including Expenditure Projections, COLA, Retirement, Education, Capital, Enterprise Funds, Non-Exempt Debt Summary, and Enterprise Debt Summary.

### **MUNICIPAL DEPARTMENTS**

In the forecast, City department expenditures have been grouped by two major categories, salaries and non-personnel, consistent with City and state expenditure reporting. Additional detail is provided separating expenditures in the general categories of General Government, Public Safety, Public Works, Human Services, and Culture & Recreation and Other.

For projection purposes, the forecast utilizes a COLA of 1.5% in FY2018 and 2.0% in FY2019, based upon existing settlements. For the remaining term of the forecast, a 1% COLA is assumed, but this is intended as an example of cost impact moving forward and not a recommendation for any wage settlements. In addition, some City employees are eligible for annual step increases and the forecast utilizes a 0.5% step increase across the board. As the City’s detailed budget is prepared, this cost factor will be modified based on the actual employees eligible for a step increase. Cost impacts have been included in the Expenditure Projections worksheet within each Salary and Wages line item. The COLA and Wages worksheet allows for simulation of other wage agreements and step amounts.

Utilizing the City’s proposed FY 2018 Municipal expense budget, future operating expenses have been projected to increase by 1 percent per year, reflective of recent relatively low inflation rates, although the forecast does allow for different rates of growth to be input for different departments. Additional funding for COLAs or other adjustments are included in the Miscellaneous Expenses, Raise and Appropriate Articles row.

### **EDUCATION**

The leadership, faculty, and staff of the Brockton School Department provide services from pre-K through high school for approximately 17,700 students. The Department employees approximately 510 teachers and currently operates out of eight locations: two high schools, one middle school, four elementary schools and one pre-school. The FY2018 school operating budget is \$169.7 million, not including fixed costs or special revenues such as grant funds. A 2.75% annual inflation factor is included in the School Direct budget through the remaining term of the forecast.

In addition, Brockton participates in the Southeast Regional School District. The FY2018 assessment for the City is \$3.7 million and is anticipated to also grow by 2.75% per year

## **EMPLOYEE BENEFITS**

**Retirement** - City pension costs are projected based on the estimated appropriations payment schedule issued by the Public Employee Retirement Administration Commission (PERAC) to the City of Brockton Retirement System. In FY2006, the City pursued a Pension Obligation Bond (POB), in the amount of \$101 million. This borrowing will be fully paid in FY2028. The goal of the POB was to partially fund the City's portion of the pension liability (70%) and pay the remaining unfunded liability by 2032. However, due to the inconsistent financial markets, the Retirement System has incurred additional liability. The 2016 year-end audit determined that the City's unfunded pension liability was \$173.8 million. The City is responsible for 93.2% of this unfunded liability. The other participants in the system are the Brockton Redevelopment Authority, the Brockton Housing Authority, and the Brockton Area Transit Authority. The actuarial variable built into the future projects assumes an annual budgetary increase of 4.45%. The present year scheduled for full funding is 2032, assuming a rate of return on investments of 8%. Based upon this information, the current annual schedule of payments is included in the forecast.

An actuary analysis is required every two years and the payment schedule will be adjusted, up or down, depending on actual experience. The forecast will need to be updated when the revised schedule becomes available. The Retirement System was 67.2% funded as of the last actuary analysis.

**Health Insurance** – The City receives its health insurance through the Blue Cross Blue Shield and Harvard Pilgrim Health. The forecasted health insurance expenses have been projected to grow each year, but by a declining percentage each year (e.g., proposed budget for FY2018, 8% for FY2019, 7% for FY2020, 6% for FY2021, and 5% for FY2022 and FY 2023). Health insurance for FY2017 was \$51.5 million, or 67.4% of the overall personnel benefits cost. These estimates will need to be updated by the City over the next few months.

**Medicare** – Medicare has been forecast to increase to \$3,090,000 in FY2018, or 3.77% of the overall personnel benefits cost. In the forecast, this is projected to increase by 1.5% annually, matching the COLA and step increases.

**All Other Personnel Benefits** – Unemployment is level funded at the FY2017 level of \$600, 000 through the term of the forecast. Life Insurance is level funded at \$140,573 each year of the forecast. Workers Compensation is funded at \$875,000 in each year of the forecast. 111F Benefits for Uniformed personnel injured on duty are funded from personnel account transfers.

## **DEBT SERVICE**

**General Fund Non-Excluded** - In the FY2017 budget, Brockton's existing non-excluded debt service was \$14,317,776. The City has used a declining balance method of borrowing, and all current existing debt is scheduled to be fully paid at the end of FY2037.

Authorized, unissued bonding exists in the amount of \$17.3 million for School Remodeling, \$1 million for economic development, and \$8.9 million for other purposes. As of June 2017, the City had an \$11,748,000 Short Term borrowing that is scheduled to come due in June 2018. The BAN cost is built

into the forecast. Beginning in FY2019, this short- term borrowing is assumed to be converted to a long term twenty year borrowing at an estimated rate of 5%.

**General Fund Prop 2 ½ Excluded** – There is currently no excluded debt authorized by local voters.

**Sewer and Water Debt Service** – Water and Sewer debt service is shown within the Enterprise appropriation category. The FY2017 debt service was \$9,287,781, with \$9,057,735 scheduled in FY2018. Funds are transferred from the enterprise funds to the general fund to cover this cost. Authorized and yet un-issued debt exists in the Water Enterprise Fund (\$8.2 million) and the Sewer Enterprise Fund (\$8.8 million). At this time, there is no determination on when these projects would actually begin.

## **ENTERPRISE FUNDS**

The City has established a series of enterprise funds for Recreation, Refuse, Renewable Energy, Sewer, and Water activities. This full cost of these enterprise funds is estimated to be just over \$52 million in FY2018. These costs grow at a moderate rate. By FY2023, costs are expected to increase to only \$56.3.8 million, an 8.25% total increase over 5 years. This does not take into account any additional debt service for capital projects required to maintain or enhance the water or sewer systems.

As discussed in the Enterprise Fund Revenue section of the forecast (page 7), the City is currently subsidizing recreation costs with General Fund revenue in the amount of nearly \$1 million.

There is currently no plan for sewer capital improvements in the forecast. As in the General Fund, the all Enterprises fund assumes an annual increase in COLA and steps of 2.5% and an annual increase in non-personnel costs of 2%.

Overhead charges are costs assumed by the City on behalf of the Enterprise Funds, and then reimbursed to the City. These charges include retirement, health insurance, Medicare, and workers compensation, and general insurance. An increase of 10% in healthcare is projected for FY2018, with declines in the rate of growth of 1% per year thereafter.

## **STATE AND COUNTY ASSESSMENTS**

All State assessments included in the forecast are based on the Governor’s proposed FY2018 Cherry Sheet figures. This expenditure category represents an extremely small 3.6% of the overall budget. The most significant of the State assessments in Brockton are Charter and School Choice Tuitions, representing 80.28% of all state assessments. The Governor’s budget includes an increase in Charter School Sending Tuition in the amount of \$6.2 million for FY2018.

Similar to the Cherry Sheet State Aid accounts on the revenue side, City officials will need to monitor the State budget process for FY2019 and follow the release of local assessment estimates each year. All assessments are forecast to increase by 2.5% annually.

## **MISCELLANEOUS EXPENSES**

***Property/Liability Insurance*** - This insurance covers municipal buildings and contents, motor vehicles, and public official liability insurance. The FY2018 budget includes \$1,250,000 and this item is level funded through the term of the forecast.

***Cherry Sheet Offset*** - The cherry sheet offset items in Brockton for FY2018 is \$334,889. As an offset, however, any change has no impact on the budget as these receipts are earmarked for spending without appropriation. As such, any growth in this revenue is offset on the expenditure side of the forecast to essentially remove this aid from the City's general revenues.

## **RESERVES/OTHER**

***Overlay*** – Reserves/Other includes the annual allowance for abatements and exemptions (Overlay). The overlay has been projected as 1.3% of the annual net tax levy per year.

***General and Capital Stabilization*** – In FY2017, the City appropriated \$2.2 million to the General Stabilization Fund. Most of this amount came from amounts to be raised, while a small amount (\$112,500) came from Overlay Surplus. As it is difficult to predict if or when Overlay Reserve Funds may be transferred to Overlay Surplus, the forecast does not include and future funding from this source.

***Snow and Ice Deficit*** – In FY2017 the City funded a Snow and Ice deficit in the amount of \$825,017 from its Overlay Surplus Fund. As it is difficult to predict if or when Overlay Reserve Funds may be transferred to Overlay Surplus, the forecast does not include and future funding from this source.



# PROCESS TO UPDATE FORECAST

## *Description of Worksheets*

The Brockton Revenue/Expenditure Forecast file has a number of interconnected worksheets. The following describes the worksheets which include:

- Summary
- Revenue Projections
- Growth
- Receipts
- Expenditure Projections
- COLA
- Retirement
- Education
- Capital
- Enterprise Funds
- Non-Exempt Debt Summary
- Enterprise Debt Summary
- Debt Detail

**Summary** – This worksheet rolls up from the Revenue and Expenditure forecast details to provide a quick overview of the five-year plan.

**Revenue Projections** – This worksheet is used to list the details of the various revenue categories and the assumptions that are used in the projections. The Final Recap column will require manual data entry each year to input actual revenues collected. Future year projections are calculated utilizing the straight-line percentage change column on the far right. If no growth is expected, a 0 should be input in the “percentage projection” column. If a revenue is not projected to grow linearly, the revenue expectations should be input manually into the forecast. Once the final tax recap is approved, any changes in the revenue detail must be made in this worksheet.

**Growth** – This worksheet is a summary of the new growth taxes that the City has raised in the past 10 years and is used, in part, to estimate new growth in future years. After the final growth amount is calculated by the Assessors each year, the City Council set the tax rate, and the tax recap is approved by the State. At this point, the final amounts will need to be added to the worksheet. When updating the forecast each year, the Financial Team should discuss any changes in the growth projections.

**Expenditure Projections** – This worksheet lists the details of the various departments and other expenses categories that are in the City budget. In addition, it lists all the budget categories to be approved by the City Council. Finally, it lists other expenditure categories that do not require City Council approval but that are expenses that must be included in the tax rate setting process. The wage line for each department is automatically changed when the user enters information into the COLA and Wages worksheet. The user must also enter manually or use the cost increase straight-line factor for the

other cost items listed.

**COLA** – This worksheet provides the user with multiple “what if” scenarios on COLA and step increases. Factors entered into the COLA and/or step cells automatically update the department wage line in the Expenditure Projections detail.

**Retirement** – This worksheet contains the current PERAC funding schedule. It ties to the expenditure sheet. Any revised schedules should be input here.

**Enterprise Funds** – This worksheet projects the salary, operating, debt, and benefit costs for the five different enterprise funds. A summary is provided at the bottom.

**Debt and Debt Detail** – These worksheets summarize the City’s debt service by fiscal year for debt that is funded by the General Fund within the limits of Proposition 2 /12 (Non-exempt) or approved by the voters via a debt exclusion (Exempt). The cost information includes existing and anticipated debt. The Debt Detail worksheet must be updated whenever the City issues permanent debt and/or adds new debt authorizations approved by the City Council.

### ***Steps to Update***

The process for updating the forecasting spreadsheet to reflect a new base year is fairly straightforward, but it must be done systematically and with care to update formulas as necessary. Consequently, it is strongly recommended that users save a separate back-up file of the spreadsheet before any changes are saved in the spreadsheet they are updating.

Generally, the updating of the Revenue and Expenditure spreadsheets should occur after the end of the current fiscal year, and after the City’s budget for next year has been adopted by the City Council and final cherry sheets are issued. Both spreadsheets must be updated one final time when the tax recap approved by the State.

When all the data for the first projection year is finalized on the expenditure side by the City Council action and most revenues are close to final (final new growth will not be certified at this point), the data can be copied and pasted into a newly inserted column to the left of “Projection Percent” column such that it becomes the base year going forward.

Data for what was previously the base year of the forecast must also be updated with actuals. For the FY2019-FY2023 forecast, the base year was FY2018 and included revenues and expenditure expectations approved in the City’s adopted budget. These must now be replaced with actual revenues and expenditures. The new base year (i.e., FY2018 during the first update) will then need to be updated using that year’s approved budget. The first update will change the forecast to FY2020-FY2024 and FY2018 will become the base year. (Due to the timing of this report prior to finalizing FY2017 expenditures, the FY2017 actuals will need to be keyed into the spreadsheet when they become available.)

The next step will be to update the structure of the forecast to make room for a new Year 5. To do this, insert a column to the right of the last FYXXX Projection year in both the Revenue and Expenditure spreadsheets and copy the data and formulas from the prior column. This step will add the data for the

last year of the five-year forecast. This same process should be followed for all tabs of the worksheet.

After the base year, has been updated and the new 5<sup>th</sup> year added, the user is now ready to prepare the five-year forecast working with the appropriate individual worksheets. To forecast the first-year revenues or expenditures, a percent change is applied to the base year to yield the projected amount. To project the second year, the percent change is applied to the first forecast year as the base. In other words, the selected percent change is applied to each year of the forecast. This is accomplished by modifying, if appropriate, the percentage change column to reflect recent experience and new information/expectations

In some instances, the user may find that it is easier to simply enter values for certain items. This is fine as long as the user remembers to replace the formulas later if they want to determine the projections based on percent change in other years.

Specific details include:

The formula used to project the first future forecast year is rendered as follows: **=E29\*(1+F29)**. Column E refers to the FY2017 base revenue or expenditure amount and column F is the “Projection Percent” column. The formula takes the base FY2017 amount (E29 in this example) and applies a percentage increase to this base (1+F29) where F29 is the percent increase. In other words, if the user wants to increase this item by 5 percent, the user simply plugs in “5” into the Projection Percent column (highlighted in yellow). This cell is formatted as a percentage and when added to 1 in the equation totals 1.05 which is then multiplied by the base amount. The second and subsequent forecast years are calculated in the same manner, but the formula is slightly different to reflect a new base year; for example, FY2018 will now be the base year for the FY2019 projection. This formula is as follows: **=G29\*(1+\$F\$29)**, where the FY2018 value (Column G) is the base year to which the percentage increase (Column F) is applied to yield the FY2019 projection in Column H.

In general, most sheets (other than prior year or reference sheets) should be updated by inserting a new column to the left of the “Projection Percent” column. After this is completed, cell references in the first forecast year should be updated. Specific processes for each sheet are described below.

**Revenues** – Add a column to the left of the Projection Percent column that is shaded in yellow. This will be the column into which the new budget data will be copied or entered based on the budget approved by the City Council. The easiest way to do this is to simply cut and paste the FY2019 projected revenues into the newly created column. Since most of these values are determined by formula, the user should do a “paste special” so that the values are copied rather than the formulas. Next, the formulas in the first projection year will need to be updated to reference the new column that was added to the left of the Projection Percent column. Formulas in subsequent years of the forecast should have updated, but care should be taken to make sure that they are working as expected. Finally, the fiscal year labels for the projection years will have to be updated (for example, as FY2019 becomes the base year of the forecast, FY2020 will become the first forecast year). A new column is then added at the far right for a fifth forecast year and formulas can be copied as appropriate from the adjacent, prior year column.

**Expenditures** – Similar to the Revenue worksheet update, a new column must be added to the left of the Projection Percent column. Then, the FY2019 expenditure data as approved by the City Council should be input into the newly created column. Cell references in the first projection year will then need to be

updated so that they refer to the appropriate cells in the new column with the budget data. Labels on the column headings of the projection years will also need to be updated and a column added at the far right so that the model continues to be a five- year forecast. Formulas can be copied into this column from the adjacent column to the left.

Summary – In the Summary worksheet, cell references should be updated to reflect the new base year (e.g., FY2019 rather than FY2018) and a new column (with formulas) added to the right for a fifth forecast year.

Debt - The debt sheet contains projections of the City’s debt exclusions. These forecast exclusion amounts are then brought forward for use in the tax levy calculations in the Revenues Projection worksheet.

Growth – The new growth sheet provides a ten- year history of prior certified new levy growth for the City. Updating this sheet merely requires adding the actual certified growth as this occurs each year.

COLA – The COLA worksheet allows users to estimate the impact of future salary increase. To do this the worksheet estimates total salaries by major category (e.g., Public Safety) based on the most current budget year. If the employees are part of a collective bargaining unit and cost of living increases have been negotiated, these increases should be reflected in the forecast. If the contracts are expired or will in a year, the subsequent impact of a given percent increase can be estimated in this sheet. To update, new salary information will need to be entered based on FY2018 appropriations and formulas adjusted to capture the impact of potential salary increase.

## **APPENDIX 1: BASELINE FORECAST (FY2019-FY2023)**

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## CITY OF BROCKTON FIVE YEAR REVENUE PROJECTION

BASELINE

8/4/2017

Revenue Projections BROCKTON	FY 2016 Actual	FY2017 Final Recap	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected	Projection Percent	Notes
<b>PROPERTY TAX LEVY</b>										
Prior Year Tax Levy Limit	121,079,995	127,045,434	132,480,952	137,592,977	142,948,801	148,438,521	154,065,484	159,833,121		
2.5% Increase	3,027,000	3,176,135	3,312,025	3,439,824	3,573,720	3,710,963	3,851,637	3,995,828		
Prop 2 1/2 Override	2,938,439	2,259,383	1,800,000	1,916,000	1,916,000	1,916,000	1,916,000	1,916,000		See Growth
Certified New Growth										
TAX Levy Limit Total	127,045,434	132,480,952	137,592,977	142,948,801	148,438,521	154,065,484	159,833,121	165,744,949		
Debt Exclusions		0								
Maximum Allowable Levy	127,045,434	132,480,952	137,592,977	142,948,801	148,438,521	154,065,484	159,833,121	165,744,949		
Excess Tax Levy Capacity		(3,750,169)								
<b>TOTAL Actual Tax Levy</b>	127,045,434	128,730,783	137,592,977	142,948,801	148,438,521	154,065,484	159,833,121	165,744,949		
<b>STATE AID CHERRY SHEET</b>										
			0.57%							
Chapter 70 Education Aid	170,040,928	170,394,408	171,370,758	172,227,612	173,088,750	173,954,194	174,823,965	175,698,084	0.50%	
Unrestricted General Government Aid	19,301,995	20,131,981	20,917,128	20,917,128	20,917,128	20,917,128	20,917,128	20,917,128	0.00%	
Charter School Reimbursement	561,728	416,544	2,121,197	2,131,803	2,142,462	2,153,174	2,163,940	2,174,760	0.50%	
School Lunch			0	0	0	0	0	0	0.00%	
School Choice Receiving Tuition	115,000	136,000	193,085	193,085	193,085	193,085	193,085	193,085	0.00%	
Veterans Benefits	778,054	778,054	755,668	755,668	755,668	755,668	755,668	755,668	0.00%	
Exemptions VBS and Elderly	327,268	328,685	341,107	341,107	341,107	341,107	341,107	341,107	0.00%	
State Owned Land	206	204	204	204	204	204	204	204	0.00%	
Public Libraries Offset	142,763	142,941	141,804	141,804	141,804	141,804	141,804	141,804	0.00%	
<b>TOTAL Cherry Sheet</b>	191,267,942	192,328,817	195,840,951	196,708,411	197,580,208	198,456,364	199,336,901	200,221,840		
<b>ESTIMATED LOCAL RECEIPTS</b>										
Motor Vehicle Excise	8,152,408	8,300,000	8,500,000	8,670,000	8,843,400	9,020,268	9,200,673	9,384,687	2.00%	
Hotel / Motel Tax	835,127									
Other Excise Tax	332,978	200,000	200,000	204,000	208,080	212,242	216,486	220,816	2.00%	
Meals tax	985,141	830,000	1,000,000	1,020,000	1,040,400	1,061,208	1,082,432	1,104,081	2.00%	
Cable Franchise Fee	1,052,125	760,000	750,000	750,000	750,000	750,000	750,000	750,000	0.00%	
Penalties/Interest on Taxes and Excises	2,001,211	1,960,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	0.00%	
Payments in Lieu of Taxes	171,813	175,000	175,000	175,000	175,000	175,000	175,000	175,000	0.00%	
Other Charges		100,000	200,000	200,000	200,000	200,000	200,000	200,000	0.00%	
Cemeteries	253,058	245,000	250,000	250,000	250,000	250,000	250,000	250,000	0.00%	
Enterprise Fund Reimbursement		5,296,881	2,962,266	3,500,000	3,570,000	3,641,400	3,714,228	3,788,513		
Fees	646,982	520,000	500,000	500,000	500,000	500,000	500,000	500,000	0.00%	
Fines and Forfeits	391,707	400,000	400,000	400,000	400,000	400,000	400,000	400,000	0.00%	
Investment Income	167,419	125,000	150,000	150,000	150,000	150,000	150,000	150,000	0.00%	
Licenses/Permits	3,159,745	2,400,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	0.00%	
Mass. SBA Payments		2,597,546	966,955	966,955	966,960	0	0	0	0.00%	
Medicaid Reimbursement	1,598,557	920,000	920,000	920,000	920,000	920,000	920,000	920,000	0.00%	
Misc Non-Recurring	2,026,956		0	0	0	0	0	0	0.00%	
Misc Recurring	4,997,043	0	0	0	0	0	0	0	0.00%	
Other Departmental Revenue	0	0	0	0	0	0	0	0	0.00%	
<b>TOTAL Local Receipts</b>	26,772,269	24,829,427	21,974,221	22,705,955	22,973,840	22,280,118	22,558,820	22,843,097		
<b>ENTERPRISE / SPEC REVENUE FUNDS</b>										
For Water Indirect Costs		18,264,904	18,579,013	19,879,640	20,150,019	20,424,083	20,796,112	21,165,402		See Enterprise Fund Tab
For Sewer Indirect Costs		20,051,057	22,198,034	21,555,824	21,870,474	22,104,307	22,420,423	22,666,833		See Enterprise Fund Tab
For Refuse Removal Overhead Costs		8,339,686	8,994,578	9,180,012	9,369,293	9,562,502	9,759,721	9,961,033		See Enterprise Fund Tab
For Renewed Energy Indirect Costs		137,168	149,951	152,950	156,009	159,129	162,312	165,558		See Enterprise Fund Tab
For Golf Indirect Costs		1,991,649	2,140,784	2,188,708	2,237,719	2,287,842	2,339,101	2,391,522		See Enterprise Fund Tab
For Parking Authority Indirect Costs		0	0	0	0	0	0	0	0.00%	
<b>TOTAL Enterprise Funds</b>	0	48,784,464	52,062,360	52,957,134	53,783,514	54,537,863	55,477,669	56,350,348		
<b>AVAILABLE FUNDS/OTHER FINANCING</b>										
From Parking Authority		708,795	698,175	712,139	726,381	740,909	755,727	770,842	2.00%	
From Weights & Measures Receipts		41,500	33,545	34,216	34,900	35,598	36,310	37,036	2.00%	
From Ambulance Receipts		470,000	470,000	479,400	488,988	498,768	508,743	518,918	2.00%	
Other - One Time Revenue			382,900							
From Overlay Surplus		2,579,738								
Stabilization Fund										
<b>TOTAL Other Available Funds</b>	0	3,800,033	1,584,620	1,225,754	1,250,269	1,275,275	1,300,780	1,326,796		

CITY OF BROCKTON FIVE YEAR REVENUE PROJECTION

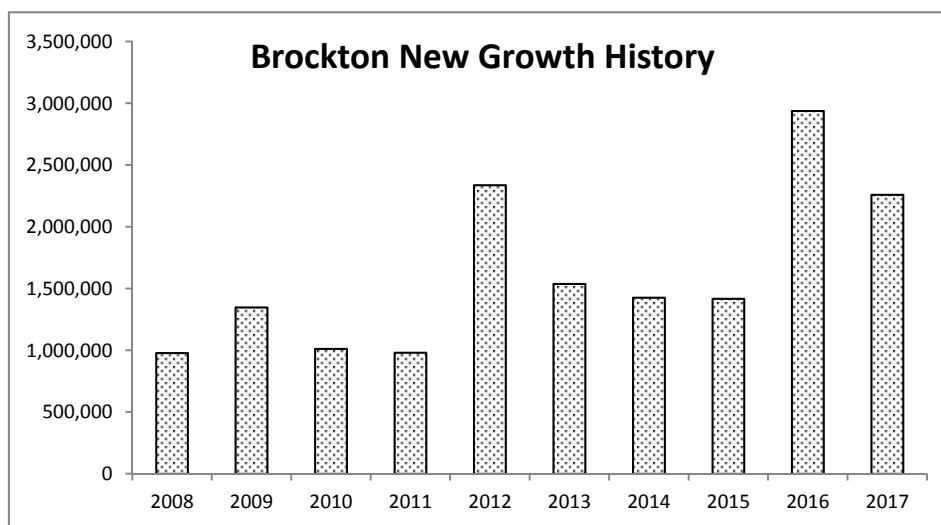
BASELINE

Revenue Projections BROCKTON	FY 2016 Actual	FY2017 Final Recap	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected	Projection Percent	Notes
FREE CASH										
Free Cash for Operations		14,659,623	14,581,067	14,000,000	13,000,000	12,000,000	11,000,000	10,000,000		
Free Cash for Reserves		0								Use Average Free Cash
Free Cash for Other Purposes										Use Average Free Cash
Free Cash for Capital Projects										Use Average Free Cash
Snow and Ice Deficit										Use Average Free Cash
TOTAL Free cash		14,659,623	14,581,067	14,000,000	13,000,000	12,000,000	11,000,000	10,000,000		
TOTAL REVENUES	345,085,645	413,133,147	423,636,196	430,546,056	437,026,353	442,615,104	449,507,291	456,487,030		

## CITY OF BROCKTON

### ***NEW GROWTH by Property Class***

FY	NEW GROWTH	Residential	Open Space	Commercial	Industrial	Personal Property
2008	977,609	350,422		115,958	13,235	497,994
2009	1,347,083	468,267		178,538	34,733	665,545
2010	1,010,677	238,900		169,690	36,924	565,163
2011	980,659	186,129		260,858	31,000	502,672
2012	2,336,369	144,889		1,569,839	12,074	609,567
2013	1,537,658	211,364	-	407,305	749	918,240
2014	1,425,808	230,589	-	428,057	17,545	749,617
2015	1,416,743	411,376	-	75,115	1,983	928,269
2016	2,938,439	787,799	-	414,940	18,612	1,717,088
2017	2,259,383	558,152	-	239,444	34,417	1,427,370
<b>5 year average</b>	<b>1,330,479</b>	<b>358,789</b>	<b>#DIV/0!</b>	<b>385,974</b>	<b>20,127</b>	<b>568,188</b>
<b>10 year average</b>	<b>1,623,043</b>	<b>358,789</b>	<b>0</b>	<b>385,974</b>	<b>20,127</b>	<b>858,153</b>



Source: DOR Municipal Databank

# CITY OF BROCKTON LOCAL RECEIPTS (FY2014-FY2016)

DOR Code	Municipality	Receipt Description	FY2014		FY2015		FY2016		Diff FY2016	
			Estimated Receipts	Actual Receipts	Estimated Receipts	Actual Receipts	Estimated Receipts	Actual Receipts	Amount	Percent
044	Brockton	MOTOR VEHICLE EXCISE	5,500,000	6,903,474	6,220,000	7,237,314	6,513,500	8,152,408	1,638,908	25.2%
044	Brockton	OTHER EXCISE								
044	Brockton	a.Meals	800,000	898,007	813,000	951,281	856,200	985,141	128,941	15.1%
044	Brockton	b.Room	90,000	724,543	656,000	777,576	699,800	835,127	135,327	19.3%
044	Brockton	c.Other	265,000	280,789	255,000	212,853	191,600	332,978	141,378	73.8%
044	Brockton	PENALTIES AND INTEREST ON TAXES AND E	1,730,000	2,125,904	1,924,000	1,965,793	1,769,200	2,001,211	232,011	13.1%
044	Brockton	PAYMENTS IN LIEU OF TAXES	145,000	232,710	211,000	170,006	153,000	171,813	18,813	12.3%
044	Brockton	CHARGES FOR SERVICES - WATER	0	0	0	0	0	0		
044	Brockton	CHARGES FOR SERVICES - SEWER	0	0	0	0	0	0		
044	Brockton	CHARGES FOR SERVICES - HOSPITAL	0	0	0	0	0	0		
044	Brockton	CHARGES FOR SERVICES - SOLID WASTE FE	0	0	0	0	0	0		
044	Brockton	OTHER CHARGES FOR SERVICES	0	0	0	0	0	0		
044	Brockton	FEES	350,000	644,471	480,000	585,266	526,700	646,982	120,282	22.8%
044	Brockton	RENTALS	0	0	0	0	0	0		
044	Brockton	DEPARTMENTAL REVENUE - SCHOOLS	0	0	0	0	0	0		
044	Brockton	DEPARTMENTAL REVENUE - LIBRARIES	0	0	0	0	0	0		
044	Brockton	DEPARTMENTAL REVENUE - CEMETERIES	130,000	228,045	175,000	258,700	180,000	253,058	73,058	40.6%
044	Brockton	DEPARTMENTAL REVENUE - RECREATION	0	0	0	0	0	0		
044	Brockton	OTHER DEPARTMENTAL REVENUE	550,000	972,772	675,000	1,004,646	675,000	1,052,125	377,125	55.9%
044	Brockton	LICENSES AND PERMITS	1,310,000	2,760,343	1,573,876	2,445,956	978,300	3,159,745	2,181,445	223.0%
044	Brockton	SPECIAL ASSESSMENTS	0	0	0	0	0	0		
044	Brockton	FINES AND FORFEITS	895,000	861,399	780,000	631,430	568,300	391,707	-176,593	-31.1%
044	Brockton	INVESTMENT INCOME	120,000	127,868	116,000	166,267	149,600	167,419	17,819	11.9%
044	Brockton	MISCELLANEOUS RECURRING (PLEASE SPE	3,282,883	3,184,289	4,816,414	5,026,817	4,839,762	4,997,043	157,281	3.2%
044	Brockton	MISCELLANEOUS NON-RECURRING (PLEASE	0	2,280,932	0	2,433,325	0	2,026,956	2,026,956	N/A
044	Brockton	MEDICAID REIMBURSEMENT	1,915,000	860,491	779,000	1,320,710	525,000	1,598,557	1,073,557	204.5%
			<b>17,082,883</b>	<b>23,086,038</b>	<b>19,474,290</b>	<b>25,187,940</b>	<b>18,625,962</b>	<b>26,772,269</b>	<b>8,146,307</b>	<b>43.7%</b>

Source: DOR Municipal Databank

## CITY OF BROCKTON FIVE YEAR EXPENDITURE PROJECTION

BASELINE

8/4/2017]

Expenditure Projections Brockton	FY 2016 Actual	FY2017 Prelim Recap	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected	Projection Percent	Notes
<b>GENERAL GOVERNMENT</b>										
Salaries & Wages		6,861,813	7,143,146	7,322,796	7,506,964	7,695,765	7,889,313	8,087,729	see cola tab	
Other Expenses		5,223,613	5,657,708	5,714,285	5,771,428	5,829,142	5,887,434	5,946,308	1.00%	
One Time Expenses			141,900							
<b>TOTAL</b>		<b>12,085,426</b>	<b>12,942,754</b>	<b>13,037,081</b>	<b>13,278,392</b>	<b>13,524,907</b>	<b>13,776,747</b>	<b>14,034,037</b>		
<b>PUBLIC SAFETY</b>										
Salaries & Wages		44,648,951	48,954,338	50,185,540	51,447,706	52,741,616	54,068,067	55,427,879	see cola tab	move Tree Warden from Recreation
Other Expenses		2,852,195	2,648,408	2,674,892	2,701,641	2,728,657	2,755,944	2,783,503	1.00%	
<b>TOTAL</b>		<b>47,501,146</b>	<b>51,602,746</b>	<b>52,860,432</b>	<b>54,149,347</b>	<b>55,470,273</b>	<b>56,824,011</b>	<b>58,211,383</b>		
<b>EDUCATION</b>										
Net School Spending		168,105,030	161,043,295	165,471,986	170,022,465	174,698,083	179,502,280	184,438,593	2.75%	
School Comm Spending not qualified for NSS		7,220,733	8,672,063	8,910,545	9,155,585	9,407,363	9,666,066	9,931,883	2.75%	
Southeast Regional School		3,531,517	3,730,029	3,832,605	3,938,001	4,046,296	4,157,570	4,271,903	2.75%	
<b>TOTAL</b>		<b>178,857,280</b>	<b>173,445,387</b>	<b>178,215,135</b>	<b>183,116,051</b>	<b>188,151,743</b>	<b>193,325,916</b>	<b>198,642,378</b>		
<b>PUBLIC WORKS &amp; FACILITIES</b>										
Salaries & Wages		5,449,766	5,901,232	6,049,648	6,201,797	6,357,772	6,517,670	6,681,589	see cola tab	move Parks & Cemetery from Recr
Other Expenses		7,118,571	7,681,182	7,757,994	7,835,574	7,913,929	7,993,069	8,072,999	1.00%	
One Time Expenses			182,000							
<b>TOTAL</b>		<b>12,568,337</b>	<b>13,764,414</b>	<b>13,807,642</b>	<b>14,037,370</b>	<b>14,271,701</b>	<b>14,510,739</b>	<b>14,754,589</b>		
<b>HUMAN SERVICES</b>										
Salaries & Wages		1,219,962	1,298,034	1,330,680	1,364,146	1,398,454	1,433,626	1,469,681	see cola tab	
Other Expenses		1,156,046	1,090,225	1,101,127	1,112,139	1,123,260	1,134,493	1,145,837	1.00%	
<b>TOTAL</b>		<b>2,376,008</b>	<b>2,388,259</b>	<b>2,431,807</b>	<b>2,476,285</b>	<b>2,521,714</b>	<b>2,568,118</b>	<b>2,615,519</b>		
<b>CULTURE and RECREATION</b>										
Salaries & Wages		1,748,798	1,824,099	1,869,975	1,917,005	1,965,218	2,014,643	2,065,311	see cola tab	
Other Expenses		1,577,627	1,704,467	1,721,512	1,738,727	1,756,114	1,773,675	1,791,412	1.00%	
<b>TOTAL</b>		<b>3,326,425</b>	<b>3,528,566</b>	<b>3,591,487</b>	<b>3,655,732</b>	<b>3,721,332</b>	<b>3,788,318</b>	<b>3,856,723</b>		
<b>DEBT SERVICE- GF Non-Exempt</b>										
Existing General Fund Debt- Non Exempt		14,317,776	10,252,794	11,804,487	12,124,254	12,276,064	12,362,079	12,749,983	See Existing Debt Tab	
Existing General Fund Prin Paydown- Non Exempt										
BAN, RAN & Abatement Interest - Non-Exempt			665,091	700,000	700,000	700,000	700,000	700,000	0.00%	
Authorized/Unissued- NonExempt		0	966,955	0	0	0	0	0		
Issuance Cost			75,000							
<b>TOTAL</b>	<b>0</b>	<b>14,317,776</b>	<b>11,959,840</b>	<b>12,504,487</b>	<b>12,824,254</b>	<b>12,976,064</b>	<b>13,062,079</b>	<b>13,449,983</b>		
<b>DEBT SERVICE- GF Prop 2 1/2 exempt</b>										
Existing General Fund Debt- Prop 2 1/2 Exempt									See Existing Debt Tab	
BAN Interest - Exempt		0							See Short Term Tab	
Authorized/Unissued- Prop 2 1/2 Exempt									See Proj Auth Tab	
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>EMPLOYEE BENEFITS</b>										
Retirement		18,691,289	23,380,568	24,259,636	25,177,251	26,202,931	27,270,852	28,361,686	see Retirement	Essex County system schedule
Workers Compensation		875,000	883,170	883,170	883,170	883,170	883,170	883,170	0.00%	
Unemployment		600,000	600,000	600,000	600,000	600,000	600,000	600,000	0.00%	
Health Insurance		51,494,994	52,045,973	56,209,651	60,144,326	63,752,986	66,940,635	70,287,667	9.00%	Declines 1% per year after FY18
Life insurance		140,573	140,072	140,072	140,072	140,072	140,072	140,072	# 0.00%	
Medicare (1.45%)		3,012,000	3,090,000	3,136,350	3,183,395	3,231,146	3,279,613	3,328,808	1.50%	increase at rate of payroll growth
Contractual Union Benefits		663,507	768,819	780,351	792,057	803,937	815,996	828,236	1.50%	
Employee Assistance Program		48,000	48,000	48,720	49,451	50,193	50,945	51,710	1.50%	
Transfer to Dental Insurance Trust		830,747	995,627	1,010,561	1,025,720	1,041,106	1,056,722	1,072,573	1.50%	
<b>TOTAL</b>	<b>0</b>	<b>76,356,110</b>	<b>81,952,229</b>	<b>87,068,511</b>	<b>91,995,442</b>	<b>96,705,541</b>	<b>101,038,007</b>	<b>105,553,922</b>		
<b>PROPERTY/LIABILITY INSURANCES</b>										
Property/Liability		0	0	0	0	0	0	0	2.00%	
Claims - General		1,250,000	1,250,000	1,275,000	1,300,500	1,326,510	1,353,040	1,380,101	2.00%	
Out of State Travel										
Surety Bonds		0	0	0	0	0	0	0	0.00%	
<b>TOTAL</b>	<b>0</b>	<b>1,250,000</b>	<b>1,250,000</b>	<b>1,275,000</b>	<b>1,300,500</b>	<b>1,326,510</b>	<b>1,353,040</b>	<b>1,380,101</b>	<b>0</b>	

Expenditure Projections Brockton	FY 2016 Actual	FY2017 Prelim Recap	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected	Projection Percent	Notes
<b>ENTERPRISE FUNDS</b>										
Salaries & Wages		6,606,332	7,020,006	7,195,506	7,375,394	7,559,779	7,748,773	7,942,492		
Other Expenses		31,435,888	32,838,975	33,495,755	34,165,670	34,848,983	35,545,963	36,256,882	2.00%	
Capital		744,804	183,378	120,000	120,000	120,000	120,000	120,000	2.00%	
Debt		9,287,781	9,057,735	8,645,874	8,552,451	8,367,701	8,348,704	8,242,461		See Debt Detail
Reimbursement		709,659	2,962,266	3,500,000	3,570,000	3,641,400	3,714,228	3,788,513	2.00%	
<b>TOTAL</b>		<b>48,784,464</b>	<b>52,062,360</b>	<b>52,957,135</b>	<b>53,783,515</b>	<b>54,537,863</b>	<b>55,477,668</b>	<b>56,350,348</b>		
<b>OTHER AMOUNTS TO BE RAISED</b>										
Cherry Sheet offset		278,941	334,889	334,889	334,889	334,889	334,889	334,889	0.00%	
Tax Title		37,000	37,000	37,000	37,000	37,000	37,000	37,000		
Other		0	185,862	185,862	185,862	185,862	185,862	185,862		
Overlay / Prior Year Overlay Deficits	829,236	2,495,862	1,700,000	1,858,334	1,929,701	2,002,851	2,077,831	2,154,684	1.30%	Percent of net Tax Levy
<b>TOTAL</b>		<b>2,811,803</b>	<b>2,257,751</b>	<b>2,416,085</b>	<b>2,487,452</b>	<b>2,560,602</b>	<b>2,635,582</b>	<b>2,712,435</b>		
<b>STATE and COUNTY ASSESSMENTS</b>										
CountyAssessment		126,800	135,477	138,864	142,336	145,894	149,541	153,280	2.50%	\$16.26 per capita
State Retirement Teachers Health Ins	123,707								2.50%	
School Choice Sending Tuitions	1,037,038	1,328,445	1,339,122	1,372,600	1,406,915	1,442,088	1,478,140	1,515,094	2.50%	
Charter School Sending Tuition	4,063,601	4,662,175	10,892,093	11,164,395	11,443,505	11,729,593	12,022,833	12,323,403	2.50%	
Mosquito Control	99,037	101,106	106,836	109,507	112,245	115,051	117,927	120,875	2.50%	
Air Pollution	21,268	21,799	22,295	22,295	22,295	22,295	22,295	22,295	0.00%	
Special Education	117,655	117,655	75,940	77,839	79,784	81,779	83,824	85,919	2.50%	
RMV Non-Renewal Surcharge	288,880	288,880	254,100	259,182	264,366	269,653	275,046	280,547	2.00%	
Regional Transit	2,230,538	2,306,345	2,375,900	2,435,298	2,496,180	2,558,584	2,622,549	2,688,113	2.50%	
Old Colony Planning Council	32,962	32,453	34,480	34,480	34,480	34,480	34,480	34,480	0.00%	
<b>TOTAL</b>	<b>8,014,686</b>	<b>8,985,658</b>	<b>15,236,243</b>	<b>15,614,459</b>	<b>16,002,105</b>	<b>16,399,417</b>	<b>16,806,635</b>	<b>17,224,006</b>		
<b>FREE CASH - OVERLAY SURPLUS</b>										
Capital Stabilization Fund			0	0	0	0	0	0	3.00%	based on GF revenue growth
Court Judgements		719,270	0	0	0	0	0	0	0.00%	
Capital Outlay			0	0	0	0	0	0	0.00%	
Prior Year Appropriations			0	0	0	0	0	0		
Snow And Ice Deficit		825,018	0	0	0	0	0	0	0.00%	accumulated benefits
Retirement										
<b>TOTAL</b>		<b>1,544,288</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>ARTICLES FROM AVAILABLE FUNDS</b>										
Capital Outlay articles from other accounts										
One Time Expenses										
Supplemental Reserve Fund		162,976	245,647	245,647	245,647	245,647	245,647	245,647	0.00%	
Stabilization Fund		2,205,450	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000		FY19 40K for reval
<b>TOTAL</b>		<b>2,368,426</b>	<b>1,245,647</b>	<b>1,245,647</b>	<b>1,245,647</b>	<b>1,245,647</b>	<b>1,245,647</b>	<b>1,245,647</b>		
<b>TOTAL EXPENDITURES</b>		<b>413,133,147</b>	<b>423,636,196</b>	<b>437,024,908</b>	<b>450,352,092</b>	<b>463,413,314</b>	<b>476,412,506</b>	<b>490,031,071</b>		

## CITY OF BROCKTON COST OF LIVING WORKSHEET

Estimated Impact of Wage Cost Increases	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
COLA Factor	101.00%	101.00%	101.00%	101.00%	101.00%	101.00%
Step Increase Factor	101.50%	101.50%	101.50%	101.50%	101.50%	101.50%

<b>Salary and Wages</b>	<b>FY2017 Budget</b>	<b>FY2018 Projected</b>	<b>FY2019 Projected</b>	<b>FY2020 Projected</b>	<b>FY2021 Projected</b>	<b>FY2022 Projected</b>	<b>FY2023 Projected</b>
GENERAL GOVERNMENT	6,861,813	7,143,146	7,322,796	7,506,964	7,695,765	7,889,313	8,087,729
PUBLIC SAFETY	44,648,951	48,954,338	50,185,540	51,447,706	52,741,616	54,068,067	55,427,879
PUBLIC WORKS	5,409,766	5,901,232	6,049,648	6,201,797	6,357,772	6,517,670	6,681,589
HUMAN SERVICES	1,219,962	1,298,034	1,330,680	1,364,146	1,398,454	1,433,626	1,469,681
CULTURE & RECREATION	1,668,798	1,824,099	1,869,975	1,917,005	1,965,218	2,014,643	2,065,311
ENTERPRISE & Spec Rev Funds	6,606,332	7,020,006	7,196,559	7,377,553	7,563,098	7,753,310	7,948,306
		0	0	0	0	0	0
<b>TOTAL</b>	66,415,622	72,140,855	73,955,198	75,815,171	77,721,922	79,676,629	81,680,496
Total Financial Impact		5,725,233	1,814,343	1,859,973	1,906,752	1,954,706	2,003,867
% Change		8.6%	2.5%	2.5%	2.5%	2.5%	2.5%

# CITY OF BROCKTON FIVE YEAR RETIREMENT PROJECTION

Hampden County

	Brockton % Retirement Share	PERAC Total Funding Schedule	Brockton Retirement Share
FY2017	93.20%	21,207,788	19,765,658
FY2018	93.20%	25,014,425	23,313,444
FY2019	93.20%	26,029,652	24,259,636
FY2020*	93.20%	27,014,218	25,177,251
FY2021*	93.20%	28,114,733	26,202,931
FY2022*	93.20%	29,260,571	27,270,852
FY2023*	93.20%	30,430,994	28,361,686



## CITY OF BROCKTON CAPITAL INVESTMENT WORKSHEET

### **Existing Capital Investment**

Existing Non-Exempt Debt Service  
 Authorized and Unissued Non-Exempt Debt  
 Capital Stabilization Fund  
 Capital Articles Pay As You Go  
 Existing Town Exempt Debt Service  
 Authorized and Unissued Exempt Debt  
**Total Existing Capital Investment**

Bud FY2017	Proj FY2018	Proj FY2019	Proj FY2020	Proj FY2021	Proj FY2022	Proj FY2023
14,317,776	10,252,794	11,804,487	12,124,254	12,276,064	12,362,079	12,749,983
0	0	0	0	0	0	0
0						
<b>14,317,776</b>	<b>10,252,794</b>	<b>11,804,487</b>	<b>12,124,254</b>	<b>12,276,064</b>	<b>12,362,079</b>	<b>12,749,983</b>

### **New Capital Investment**

Free Cash  
 Debt Service RunOff  
**Total New Capital Investment**

0	0	0	0	0	0	0
	2,364,195	1,624,757	2,097,977	2,540,359	3,671,667	4,447,625
	<b>2,364,195</b>	<b>1,624,757</b>	<b>2,097,977</b>	<b>2,540,359</b>	<b>3,671,667</b>	<b>4,447,625</b>

### **Total Existing & New Capital Investment**

14,317,776	12,616,989	13,429,244	14,222,230	14,816,423	16,033,746	17,197,607
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3.55% 3.75% 3.90% 4.00% 4.25% 4.50%

### **Revenue Projection (less Enterprise Funds)**

345,889,027	355,408,149	358,113,167	364,672,569	370,410,566	377,264,614	382,169,054
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### **Capital Investment as % PY Revenue**

	3.55%	3.75%	3.90%	4.00%	4.25%	4.50%
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### **Capital Investment at 4.5% Target**

	15,993,367	16,115,093	16,410,266	16,668,475	16,976,908	17,197,607
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### **Amount of Increase to meet 4.5% target**

	3,376,377	2,685,849	2,188,035	1,852,053	943,162	0
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## CITY OF BROCKTON REVENUE AND EXPENDITURE FOR EDUCATION

	FY2017 Prelim Recap	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
<b>EXPENDITURES</b>							
Brockton Public Schools	168,105,030	161,043,295	165,471,986	170,022,465	174,698,083	179,502,280	184,438,593
School Choice Assessment	1,328,445	1,339,122	1,372,600	1,406,915	1,442,088	1,478,140	1,515,094
Charter Sending Assessment	4,662,175	10,892,093	11,164,395	11,443,505	11,729,593	12,022,833	12,323,403
Southeast Regional School	3,531,517	3,730,029	3,832,605	3,938,001	4,046,296	4,157,570	4,271,903
School Cost Budgeted in Other City Dep.	33,429,785	39,582,776	38,401,026	36,984,839	35,278,687	33,263,043	31,224,173
<b>TOTAL EXPENDITURE</b>	<b>211,056,952</b>	<b>216,587,315</b>	<b>220,242,612</b>	<b>223,795,726</b>	<b>227,194,747</b>	<b>230,423,865</b>	<b>233,773,166</b>
<b>Percent of GF Budget</b>	<b>57.93%</b>	<b>58.29%</b>	<b>57.34%</b>	<b>56.43%</b>	<b>55.57%</b>	<b>54.74%</b>	<b>53.90%</b>
<b>REVENUES</b>							
<b>State Revenues</b>							
Chapter 70 Education Aid	170,394,408	171,370,758	172,227,612	173,088,750	173,954,194	174,823,965	175,698,084
Charter School Reimbursement	416,544	2,121,197	2,131,803	2,142,462	2,153,174	2,163,940	2,174,760
School Choice Receiving Tuition	136,000	193,085	193,085	193,085	193,085	193,085	193,085
<b>Sub-Total</b>	<b>170,946,952</b>	<b>173,685,040</b>	<b>174,552,500</b>	<b>175,424,297</b>	<b>176,300,453</b>	<b>177,180,990</b>	<b>178,065,929</b>
<b>City Revenues</b>							
<b>City Paid Expenses</b>							
Auditor, Treasurer, Purchasing	3,600,000	4,000,000	4,040,000	4,080,400	4,121,204	4,162,416	4,204,040
Attendance	10,000	13,439	13,439	13,439	13,439	13,439	13,439
Parks & Rec (School use of grounds)		0	0	0	0	0	0
Tuition - Charter Schools							
<b>Benefits:</b>							
Employee Benefits	8,100,000	9,504,268	9,979,481	10,478,455	11,002,378	11,552,497	12,130,122
Health Excluding Retirees	25,400,000	25,856,295	27,924,799	29,879,535	31,672,307	33,255,922	34,918,718
<b>Insurances:</b>							
Retired Teachers health							
Retired employees health	2,700,000	2,916,000	3,120,120	3,307,327	3,472,694	3,646,328	3,828,645
Maintenance	300,000	612,273	612,273	612,273	612,273	612,273	612,273
FICA-Medicare			0	0	0	0	0
Medical & Basic Life		0	0	0	0	0	0
Other							
<b>Sub-Total</b>	<b>40,110,000</b>	<b>42,902,275</b>	<b>45,690,112</b>	<b>48,371,429</b>	<b>50,894,294</b>	<b>53,242,875</b>	<b>55,707,237</b>
<b>GRAND TOTAL</b>	<b>211,056,952</b>	<b>216,587,315</b>	<b>220,242,612</b>	<b>223,795,726</b>	<b>227,194,747</b>	<b>230,423,865</b>	<b>233,773,166</b>

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## CITY OF BROCKTON ENTERPRISE FUNDS PROJECTED REVENUES AND EXPENDITURES

	FY 2016 Actual	FY2017 Prelim Recap	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected	Projection Percent
<b>RECREATION ENTERPRISE FUND</b>									
<b>Revenue</b>									
Annual Revenue	750,000	825,000	741,000	959,320	1,003,426	1,048,545	1,094,700	1,141,916	
Available Fund Balance	131,497	239,362	415,657	245,262	250,167	255,170	260,273	265,479	2.00%
City Subsidy	984,672	927,287	984,127	984,127	984,127	984,127	984,127	984,127	
<b>Total Revenue</b>	<b>1,866,169</b>	<b>1,991,649</b>	<b>2,140,784</b>	<b>2,188,708</b>	<b>2,237,719</b>	<b>2,287,842</b>	<b>2,339,101</b>	<b>2,391,522</b>	
<b>Expenditures</b>									
Salaries & Wages	970,367	981,141	1,021,807	1,047,352	1,073,536	1,100,374	1,127,884	1,156,081	2.50%
Other Expenses	895,802	1,010,508	1,118,977	1,141,357	1,164,184	1,187,467	1,211,217	1,235,441	2.00%
<b>Total Expenditures</b>	<b>1,866,169</b>	<b>1,991,649</b>	<b>2,140,784</b>	<b>2,188,709</b>	<b>2,237,720</b>	<b>2,287,842</b>	<b>2,339,100</b>	<b>2,391,522</b>	
<b>Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<i>The Recreation Enterprise Fund includes Golf and Community recreation services. The Golf activity generates most of the revenue. The Community Recreation services are formally subsidized by the General Fund in the amount of \$984,127. There is approximately another \$700,000 of recreation costs that are absorbed and included in the General Fund.</i>									
<b>REFUSE ENTERPRISE FUND</b>									
<b>Revenue</b>									
Annual Revenue	6,631,505	6,674,822	7,588,427	7,725,444	7,885,634	8,049,170	8,216,122	8,386,563	
Available Fund Balance	1,300,815	1,664,864	1,406,151	1,454,568	1,483,659	1,513,332	1,543,599	1,574,471	2.00%
City Subsidy									
<b>Total Revenue</b>	<b>7,932,320</b>	<b>8,339,686</b>	<b>8,994,578</b>	<b>9,180,012</b>	<b>9,369,293</b>	<b>9,562,502</b>	<b>9,759,721</b>	<b>9,961,033</b>	
<b>Expenditures</b>									
Salaries & Wages	894,030	974,694	1,108,504	1,136,217	1,164,622	1,193,738	1,223,581	1,254,171	2.50%
Expense Reimbursement	573,572	687,491	639,234	652,019	665,059	678,360	691,927	705,766	2.00%
Capital	98,159	96,650	0	0	0	0	0	0	
Debt Service	0	0	0	0	0	0	0	0	
Other Expenses	6,366,559	6,580,851	7,246,840	7,391,777	7,539,612	7,690,405	7,844,213	8,001,097	2.00%
<b>Total Expenditures</b>	<b>7,932,320</b>	<b>8,339,686</b>	<b>8,994,578</b>	<b>9,180,012</b>	<b>9,369,293</b>	<b>9,562,502</b>	<b>9,759,721</b>	<b>9,961,033</b>	
<b>Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>RENEWABLE ENERGY ENTERPRISE FUND</b>									
<b>Revenue</b>		86.03%							
Annual Revenue	115,000	118,000	120,000	129,540	132,131	134,774	137,469	140,219	
Available Fund Balance	31,644	19,168	29,951	23,410	23,878	24,356	24,843	25,339	2.00%
City Subsidy									
<b>Total Revenue</b>	<b>146,644</b>	<b>137,168</b>	<b>149,951</b>	<b>152,950</b>	<b>156,009</b>	<b>159,129</b>	<b>162,312</b>	<b>165,558</b>	
<b>Expenditures</b>									
Salaries & Wages									
Expense Reimbursement	31,644	19,168	29,951	30,550	31,161	31,784	32,420	33,068	2.00%
Capital									
Debt Service									
Other Expenses	115,000	118,000	120,000	122,400	124,848	127,345	129,892	132,490	2.00%
<b>Total Expenditures</b>	<b>146,644</b>	<b>137,168</b>	<b>149,951</b>	<b>152,950</b>	<b>156,009</b>	<b>159,129</b>	<b>162,312</b>	<b>165,558</b>	
<b>Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<i>The Renewable Energy Enterprise Fund has approximately \$100,000 of costs that are absorbed and included in the General Fund</i>									

## CITY OF BROCKTON ENTERPRISE FUNDS PROJECTED REVENUES AND EXPENDITURES

[illegible]

***The Water Enterprise Fund has approximately \$2,000,000 of costs that are absorbed and included in the General Fund***

ENTERPRISE FUNDS EXPENDITURE SUMMARY								
Salaries & Wages	6,306,431	6,606,332	7,020,006	7,195,506	7,375,394	7,559,779	7,748,773	7,942,492
Other Expenses	26,347,577	27,620,122	32,838,975	33,495,755	34,165,670	34,848,983	35,545,963	36,256,882
Capital	1,129,432	96,650	183,378	120,000	120,000	120,000	120,000	120,000
Debt	9,235,754	9,287,781	9,057,735	8,645,874	8,552,451	8,367,701	8,348,704	8,242,461
Reimbursement	4,580,106	5,098,579	2,962,266	3,500,000	3,570,000	3,641,400	3,714,228	3,788,513
<b>TOTAL</b>	<b>47,599,300</b>	<b>48,709,464</b>	<b>52,062,360</b>	<b>52,957,135</b>	<b>53,783,515</b>	<b>54,537,863</b>	<b>55,477,668</b>	<b>56,350,348</b>

Revenue	52,062,360	52,957,134	53,783,514	54,537,863	55,477,669	56,350,348
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**CIP CAPITAL INVESTMENT****BROCKTON GENERAL FUND NON- EXEMPT DEBT SERVICE & PAY AS YOU GO**

FISCAL YEAR	Existing General Fund Debt Service	Pay Down Principal	Auth/Unissued Estimated Debt Service	FY18-FY22 CIP Proposed Capital Stabilization	FY18-FY22 CIP Proposed Capital Investment	GRAND TOTAL	Total Budget From Rev Proj Model (less Water)	as % of Budget
2017	11,261,484					11,261,484	345,889,027	3.26%
2018	10,252,794				2,364,195	12,616,989	355,408,149	3.55%
2019	11,804,487				1,624,757	13,429,244	358,113,167	3.75%
2020	12,124,254				2,097,977	14,222,230	364,672,569	3.90%
2021	12,276,064				2,540,359	14,816,423	370,410,566	4.00%
2022	12,362,079				3,671,667	16,033,746	377,264,614	4.25%
2023	12,749,983				4,447,625	17,197,607	382,169,054	4.50%
2024	13,087,932				4,333,244	17,421,176	387,137,251	4.50%
2025	13,561,169				4,086,483	17,647,652	392,170,036	4.50%
2026	14,152,193				3,724,878	17,877,071	397,268,246	4.50%
2027	14,775,554				3,333,919	18,109,473	402,432,733	4.50%
2028	15,431,356				2,913,540	18,344,896	407,664,359	4.50%
2029	1,790,925				16,792,455	18,583,380	412,963,995	4.50%
2030	1,747,580				17,077,384	18,824,964	418,332,527	4.50%
2031	1,703,179				17,366,510	19,069,688	423,770,850	4.50%
2032	1,207,721				18,109,873	19,317,594	429,279,871	4.50%
2033	1,164,664				18,404,059	19,568,723	434,860,510	4.50%
2034	1,121,150				18,701,966	19,823,116	440,513,696	4.50%
2035	1,077,180				19,003,637	20,080,817	446,240,374	4.50%
2036						0		
2037						0		
TOTAL	163,651,745	0	0	0	160,594,528	324,246,274		

**CIP CAPITAL INVESTMENT**  
**BROCKTON WATER AND SEWER DEBT SERVICE**

FISCAL YEAR	Existing WATER / SEWER Debt Service	Auth/Unissued Estimated Debt Service	FY2018-FY2022 CIP Proposed Pay Go	FY2018-FY2022 CIP Proposed Debt (estimated)	GRAND TOTAL
2017	8,786,384				8,786,384
2018	8,928,002				8,928,002
2019	8,645,874				8,645,874
2020	8,552,451				8,552,451
2021	8,367,701				8,367,701
2022	8,348,704				8,348,704
2023	8,242,461				8,242,461
2024	8,173,523				8,173,523
2025	8,178,744				8,178,744
2026	7,030,371				7,030,371
2027	5,486,476				5,486,476
2028	3,237,254				3,237,254
2029	1,859,042				1,859,042
2030	1,514,144				1,514,144
2031	1,515,522				1,515,522
2032	933,821				933,821
2033	935,271				935,271
2034	532,629				532,629
2035	533,494				533,494
2036	415,461				415,461
2037	310,179				310,179
<b>TOTAL</b>	<b>100,527,509</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100,527,509</b>

## **APPENDIX 2: BASELINE FORECAST (FY2019-FY2023)**

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## CITY OF BROCKTON FIVE YEAR REVENUE PROJECTION

BEST PRACTICES

8/4/2017

Revenue Projections BROCKTON	FY 2016 Actual	FY2017 Final Recap	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected	Projection Percent	Notes
<b>PROPERTY TAX LEVY</b>										
Prior Year Tax Levy Limit	121,079,995	127,045,434	132,480,952	137,592,977	142,948,801	148,438,521	154,065,484	159,833,121		
2.5% Increase	3,027,000	3,176,135	3,312,025	3,439,824	3,573,720	3,710,963	3,851,637	3,995,828		
Prop 2 1/2 Override	2,938,439	2,259,383	1,800,000	1,916,000	1,916,000	1,916,000	1,916,000	1,916,000		See Growth
Certified New Growth										
TAX Levy Limit Total	127,045,434	132,480,952	137,592,977	142,948,801	148,438,521	154,065,484	159,833,121	165,744,949		
Debt Exclusions		0								
Maximum Allowable Levy	127,045,434	132,480,952	137,592,977	142,948,801	148,438,521	154,065,484	159,833,121	165,744,949		
Excess Tax Levy Capacity		(3,750,169)								
<b>TOTAL Actual Tax Levy</b>	127,045,434	128,730,783	137,592,977	142,948,801	148,438,521	154,065,484	159,833,121	165,744,949		
<b>STATE AID CHERRY SHEET</b>										
Chapter 70 Education Aid	170,040,928	170,394,408	171,549,638	173,265,134	174,997,786	176,747,764	178,515,241	180,300,394	1.00%	
Unrestricted General Government Aid	19,301,995	20,131,981	20,917,128	20,917,128	20,917,128	20,917,128	20,917,128	20,917,128	0.00%	
Charter School Reimbursement	561,728	416,544	2,262,238	2,284,860	2,307,709	2,330,786	2,354,094	2,377,635	1.00%	
School Lunch			0	0	0	0	0	0	0.00%	
School Choice Receiving Tuition	115,000	136,000	163,758	163,758	163,758	163,758	163,758	163,758	0.00%	
Veterans Benefits	778,054	778,054	746,943	746,943	746,943	746,943	746,943	746,943	0.00%	
Exemptions VBS and Elderly	327,268	328,685	341,107	341,107	341,107	341,107	341,107	341,107	0.00%	
State Owned Land	206	204	203	203	203	203	203	203	0.00%	
Public Libraries Offset	142,763	142,941	141,804	141,804	141,804	141,804	141,804	141,804	0.00%	
<b>TOTAL Cherry Sheet</b>	191,267,942	192,328,817	196,122,819	197,860,938	199,616,438	201,389,493	203,180,278	204,988,972		
<b>ESTIMATED LOCAL RECEIPTS</b>										
Motor Vehicle Excise	8,152,408	8,300,000	8,500,000	8,670,000	8,843,400	9,020,268	9,200,673	9,384,687	2.00%	
Meals tax	985,141	830,000	1,000,000	1,020,000	1,040,400	1,061,208	1,082,432	1,104,081	2.00%	
Hotel / Motel Tax	835,127			835,127	885,234	938,348	994,649	1,054,328	6.00%	
Other Excise Tax	332,978	200,000	200,000	300,000	306,000	312,120	318,362	324,730	2.00%	
Penalties/Interest on Taxes and Excises	2,001,211	1,960,000	2,000,000	2,020,000	2,040,200	2,060,602	2,081,208	2,102,020	1.00%	
Payments in Lieu of Taxes	171,813	175,000	175,000	175,000	175,000	175,000	175,000	175,000	0.00%	
Cable Franchise Fee	1,052,125	760,000	750,000	1,086,319	1,121,625	1,158,077	1,195,715	1,234,576	3.25%	
Cemeteries	253,058	245,000	250,000	252,500	255,025	257,575	260,151	262,753	1.00%	
Enterprise Fund Reimbursement		5,296,881	2,962,266	3,500,000	3,750,000	4,000,000	4,250,000	4,500,000	0.00%	
Other Charges		100,000	200,000	202,000	204,020	206,060	208,121	210,202	1.00%	
Fees	646,982	520,000	500,000	600,000	606,000	612,060	618,181	624,362	1.00%	
Licenses/Permits	3,159,745	2,400,000	3,000,000	3,100,000	3,162,000	3,225,240	3,289,745	3,355,540	2.00%	
Other Departmental Revenue	0	0	0	0	0	0	0	0	0.00%	
Fines and Forfeits	391,707	400,000	400,000	408,000	416,160	424,483	432,973	441,632	2.00%	
Investment Income	167,419	125,000	150,000	150,000	150,000	150,000	150,000	150,000	0.00%	
Misc -Recurring	4,997,043			1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	0.00%	
Misc Non-Recurring	2,026,956		0	0	0	0	0	0	0.00%	
Medicaid Reimbursement	1,598,557	920,000	920,000	920,000	920,000	920,000	920,000	920,000	0.00%	
Mass. SBA Payments		2,597,546	966,955	966,955	966,960	0	0	0	0.00%	
<b>TOTAL Local Receipts</b>	26,772,269	24,829,427	21,974,221	25,205,901	25,842,024	25,521,042	26,177,210	26,843,910		
<b>ENTERPRISE / SPEC REVENUE FUNDS</b>										
For Water Indirect Costs		18,189,904	18,579,013	19,879,640	20,150,019	20,424,083	20,796,112	21,165,402	0.00%	See Enterprise Fund Tab
For Sewer Indirect Costs		20,051,057	22,198,034	21,555,824	21,870,474	22,104,307	22,420,423	22,666,833	0.00%	See Enterprise Fund Tab
For Refuse Removal Overhead Costs		8,339,686	8,994,578	9,180,012	9,369,293	9,562,502	9,759,721	9,961,033	0.00%	See Enterprise Fund Tab
For Renewed Energy Indirect Costs		137,168	149,951	152,950	156,009	159,129	162,312	165,558	0.00%	See Enterprise Fund Tab
For Golf Indirect Costs		1,991,649	2,140,784	2,188,708	2,237,719	2,287,842	2,339,101	2,391,522	0.00%	See Enterprise Fund Tab
For Parking Authority Indirect Costs		0	0	0	0	0	0	0	0.00%	
<b>TOTAL Enterprise Funds</b>	0	48,709,464	52,062,360	52,957,134	53,783,514	54,537,863	55,477,669	56,350,348		
<b>AVAILABLE FUNDS/OTHER FINANCING</b>										
From Parking Authority		708,795	698,175	712,139	726,381	740,909	755,727	770,842	2.00%	
From Weights & Measures Receipts		41,500	33,545	34,216	34,900	35,598	36,310	37,036	2.00%	
From Ambulance Receipts		470,000	470,000	479,400	488,988	498,768	508,743	518,918	2.00%	
Other - One Time Revenue			382,900							
From Overlay Surplus		2,579,738								
Stabilization Fund										
<b>TOTAL Other Available Funds</b>	0	3,800,033	1,584,620	1,225,754	1,250,269	1,275,275	1,300,780	1,326,796		

## CITY OF BROCKTON FIVE YEAR REVENUE PROJECTION

BEST PRACTICES

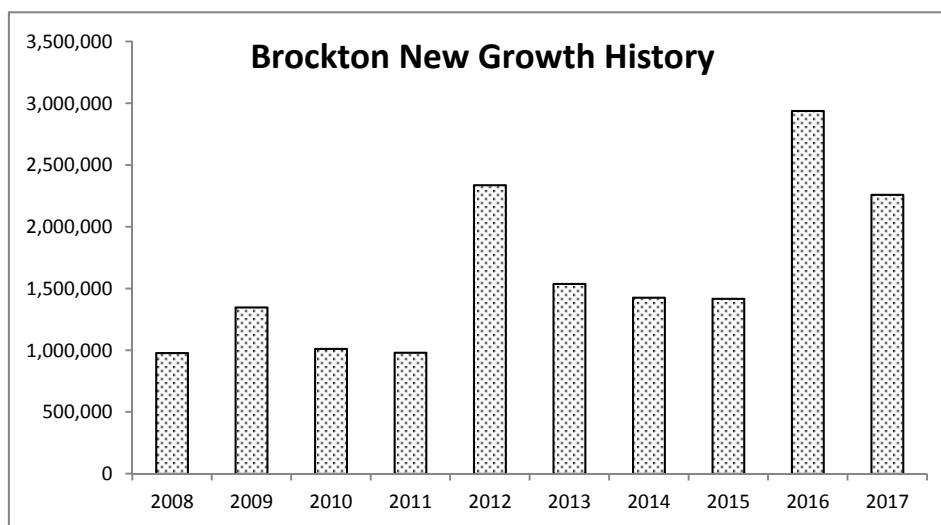
8/4/2017

Revenue Projections BROCKTON	FY 2016 Actual	FY2017 Final Recap	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected	Projection Percent	Notes
<b>FREE CASH</b>										
Free Cash for Operations		14,659,623	14,581,067	12,000,000	10,000,000	8,000,000	6,000,000	4,000,000		
Free Cash for Reserves		0								
Free Cash for Other Purposes										Use Average Free Cash
Free Cash for Capital Projects										Use Average Free Cash
Snow and Ice Deficit										Use Average Free Cash
<b>TOTAL Free Cash</b>		14,659,623	14,581,067	12,000,000	10,000,000	8,000,000	6,000,000	4,000,000		
<b>TOTAL REVENUES</b>	<b>345,085,645</b>	<b>413,058,147</b>	<b>423,918,064</b>	<b>432,198,529</b>	<b>438,930,766</b>	<b>444,789,157</b>	<b>451,969,058</b>	<b>459,254,975</b>		

## CITY OF BROCKTON

### ***NEW GROWTH by Property Class***

FY	NEW GROWTH	Residential	Open Space	Commercial	Industrial	Personal Property
2008	977,609	350,422		115,958	13,235	497,994
2009	1,347,083	468,267		178,538	34,733	665,545
2010	1,010,677	238,900		169,690	36,924	565,163
2011	980,659	186,129		260,858	31,000	502,672
2012	2,336,369	144,889		1,569,839	12,074	609,567
2013	1,537,658	211,364	-	407,305	749	918,240
2014	1,425,808	230,589	-	428,057	17,545	749,617
2015	1,416,743	411,376	-	75,115	1,983	928,269
2016	2,938,439	787,799	-	414,940	18,612	1,717,088
2017	2,259,383	558,152	-	239,444	34,417	1,427,370
<b>5 year average</b>	<b>1,330,479</b>	<b>358,789</b>	<b>#DIV/0!</b>	<b>385,974</b>	<b>20,127</b>	<b>568,188</b>
<b>10 year average</b>	<b>1,623,043</b>	<b>358,789</b>	<b>0</b>	<b>385,974</b>	<b>20,127</b>	<b>858,153</b>



Source: DOR Municipal Databank

# CITY OF BROCKTON LOCAL RECEIPTS (FY2014-FY2016)

DOR Code	Municipality	Receipt Description	FY2014		FY2015		FY2016		Diff FY2016	
			Estimated Receipts	Actual Receipts	Estimated Receipts	Actual Receipts	Estimated Receipts	Actual Receipts	Amount	Percent
044	Brockton	MOTOR VEHICLE EXCISE	5,500,000	6,903,474	6,220,000	7,237,314	6,513,500	8,152,408	1,638,908	25.2%
044	Brockton	OTHER EXCISE								
044	Brockton	a.Meals	800,000	898,007	813,000	951,281	856,200	985,141	128,941	15.1%
044	Brockton	b.Room	90,000	724,543	656,000	777,576	699,800	835,127	135,327	19.3%
044	Brockton	c.Other	265,000	280,789	255,000	212,853	191,600	332,978	141,378	73.8%
044	Brockton	PENALTIES AND INTEREST ON TAXES AND	1,730,000	2,125,904	1,924,000	1,965,793	1,769,200	2,001,211	232,011	13.1%
044	Brockton	PAYMENTS IN LIEU OF TAXES	145,000	232,710	211,000	170,006	153,000	171,813	18,813	12.3%
044	Brockton	CHARGES FOR SERVICES - WATER	0	0	0	0	0	0		
044	Brockton	CHARGES FOR SERVICES - SEWER	0	0	0	0	0	0		
044	Brockton	CHARGES FOR SERVICES - HOSPITAL	0	0	0	0	0	0		
044	Brockton	CHARGES FOR SERVICES - SOLID WASTE F	0	0	0	0	0	0		
044	Brockton	OTHER CHARGES FOR SERVICES	0	0	0	0	0	0		
044	Brockton	FEES	350,000	644,471	480,000	585,266	526,700	646,982	120,282	22.8%
044	Brockton	RENTALS	0	0	0	0	0	0		
044	Brockton	DEPARTMENTAL REVENUE - SCHOOLS	0	0	0	0	0	0		
044	Brockton	DEPARTMENTAL REVENUE - LIBRARIES	0	0	0	0	0	0		
044	Brockton	DEPARTMENTAL REVENUE - CEMETERIES	130,000	228,045	175,000	258,700	180,000	253,058	73,058	40.6%
044	Brockton	DEPARTMENTAL REVENUE - RECREATION	0	0	0	0	0	0		
044	Brockton	OTHER DEPARTMENTAL REVENUE	550,000	972,772	675,000	1,004,646	675,000	1,052,125	377,125	55.9%
044	Brockton	LICENSES AND PERMITS	1,310,000	2,760,343	1,573,876	2,445,956	978,300	3,159,745	2,181,445	223.0%
044	Brockton	SPECIAL ASSESSMENTS	0	0	0	0	0	0		
044	Brockton	FINES AND FORFEITS	895,000	861,399	780,000	631,430	568,300	391,707	-176,593	-31.1%
044	Brockton	INVESTMENT INCOME	120,000	127,868	116,000	166,267	149,600	167,419	17,819	11.9%
044	Brockton	MISCELLANEOUS RECURRING (PLEASE SPE	3,282,883	3,184,289	4,816,414	5,026,817	4,839,762	4,997,043	157,281	3.2%
044	Brockton	MISCELLANEOUS NON-RECURRING (PLEAS	0	2,280,932	0	2,433,325	0	2,026,956	2,026,956	N/A
044	Brockton	MEDICAID REIMBURSEMENT	1,915,000	860,491	779,000	1,320,710	525,000	1,598,557	1,073,557	204.5%
			<b>17,082,883</b>	<b>23,086,038</b>	<b>19,474,290</b>	<b>25,187,940</b>	<b>18,625,962</b>	<b>26,772,269</b>	<b>8,146,307</b>	<b>43.7%</b>

Source: DOR Municipal Databank

## CITY OF BROCKTON FIVE YEAR EXPENDITURE PROJECTION

BEST PRACTICES

8/4/2017]

Expenditure Projections Brockton	FY 2016 Actual	FY2017 Prelim Recap	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected	Projection Percent	Notes
<b>GENERAL GOVERNMENT</b>										
Salaries & Wages		6,861,813	7,143,146	7,322,796	7,506,964	7,695,765	7,889,313	8,087,729	see cola tab	
Other Expenses		5,223,613	5,657,708	5,714,285	5,771,428	5,829,142	5,887,434	5,946,308	1.00%	
One Time Expenses			141,900							
<b>TOTAL</b>		<b>12,085,426</b>	<b>12,942,754</b>	<b>13,037,081</b>	<b>13,278,392</b>	<b>13,524,907</b>	<b>13,776,747</b>	<b>14,034,037</b>		
<b>PUBLIC SAFETY</b>										
Salaries & Wages		44,648,951	48,954,338	50,185,540	51,447,706	52,741,616	54,068,067	55,427,879	see cola tab	move Tree Warden from Recreation
Other Expenses		2,852,195	2,648,408	2,674,892	2,701,641	2,728,657	2,755,944	2,783,503	1.00%	
<b>TOTAL</b>		<b>47,501,146</b>	<b>51,602,746</b>	<b>52,860,432</b>	<b>54,149,347</b>	<b>55,470,273</b>	<b>56,824,011</b>	<b>58,211,383</b>		
<b>EDUCATION</b>										
Net School Spending		168,105,030	161,043,295	165,471,986	170,022,465	174,698,083	179,502,280	184,438,593	2.75%	
School Comm Spending not qualified for NSS		7,220,733	8,672,063	8,910,545	9,155,585	9,407,363	9,666,066	9,931,883	2.75%	
Southeast Regional School		3,531,517	3,730,029	3,832,605	3,938,001	4,046,296	4,157,570	4,271,903	2.75%	
<b>TOTAL</b>		<b>178,857,280</b>	<b>173,445,387</b>	<b>178,215,135</b>	<b>183,116,051</b>	<b>188,151,743</b>	<b>193,325,916</b>	<b>198,642,378</b>		
<b>PUBLIC WORKS &amp; FACILITIES</b>										
Salaries & Wages		5,449,766	5,901,232	6,049,648	6,201,797	6,357,772	6,517,670	6,681,589	see cola tab	move Parks & Cemetery from Recr
Other Expenses		7,118,571	7,681,182	7,757,994	7,835,574	7,913,929	7,993,069	8,072,999	1.00%	
One Time Expenses			182,000							
<b>TOTAL</b>		<b>12,568,337</b>	<b>13,764,414</b>	<b>13,807,642</b>	<b>14,037,370</b>	<b>14,271,701</b>	<b>14,510,739</b>	<b>14,754,589</b>		
<b>HUMAN SERVICES</b>										
Salaries & Wages		1,219,962	1,298,034	1,330,680	1,364,146	1,398,454	1,433,626	1,469,681	see cola tab	
Other Expenses		1,156,046	1,090,225	1,101,127	1,112,139	1,123,260	1,134,493	1,145,837	1.00%	
<b>TOTAL</b>		<b>2,376,008</b>	<b>2,388,259</b>	<b>2,431,807</b>	<b>2,476,285</b>	<b>2,521,714</b>	<b>2,568,118</b>	<b>2,615,519</b>		
<b>CULTURE and RECREATION</b>										
Salaries & Wages		1,748,798	1,824,099	1,869,975	1,917,005	1,965,218	2,014,643	2,065,311	see cola tab	
Other Expenses		1,577,627	1,704,467	1,721,512	1,738,727	1,756,114	1,773,675	1,791,412	1.00%	
<b>TOTAL</b>		<b>3,326,425</b>	<b>3,528,566</b>	<b>3,591,487</b>	<b>3,655,732</b>	<b>3,721,332</b>	<b>3,788,318</b>	<b>3,856,723</b>		
<b>DEBT SERVICE- GF Non-Exempt</b>										
Existing General Fund Debt- Non Exempt		14,317,776	10,252,794	11,804,487	12,124,254	12,276,064	12,362,079	12,749,983	See Existing Debt Tab	
Existing General Fund Prin Paydown- Non Exempt									See Short Term Tab	
BAN, RAN & Abatement Interest - Non-Exempt			665,091	700,000	700,000	700,000	700,000	700,000	See Short Term Tab	
Authorized/Unissued- NonExempt		0	966,955	0	0	0	0	0		
Issuance Cost			75,000							
<b>TOTAL</b>	<b>0</b>	<b>14,317,776</b>	<b>11,959,840</b>	<b>12,504,487</b>	<b>12,824,254</b>	<b>12,976,064</b>	<b>13,062,079</b>	<b>13,449,983</b>		
<b>DEBT SERVICE- GF Prop 2 1/2 exempt</b>										
Existing General Fund Debt- Prop 2 1/2 Exempt									See Existing Debt Tab	
BAN Interest - Exempt		0							See Short Term Tab	
Authorized/Unissued- Prop 2 1/2 Exempt									See Proj Auth Tab	
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>EMPLOYEE BENEFITS</b>										
Retirement		18,691,289	23,380,568	24,259,636	25,177,251	26,202,931	27,270,852	28,361,686	see Retirement	Essex County system schedule
Workers Compensation		875,000	883,170	883,170	883,170	883,170	883,170	883,170	0.00%	
Unemployment		600,000	600,000	600,000	600,000	600,000	600,000	600,000	0.00%	
Health Insurance		51,419,994	52,045,973	56,209,651	60,144,326	63,752,986	66,940,635	70,287,667	9.00%	Declines 1% per year after FY18
Life insurance		140,573	140,072	140,072	140,072	140,072	140,072	140,072	0.00%	
OPEB				100,000	200,000	300,000	400,000	500,000		Increase by \$100K per year
Medicare (1.45%)		3,012,000	3,090,000	3,136,350	3,183,395	3,231,146	3,279,613	3,328,808	1.50%	increase at rate of payroll growth
Contractual Union Benefits		663,507	768,819	780,351	792,057	803,937	815,996	828,236	1.50%	
Employee Assistance Program		48,000	48,000	48,720	49,451	50,193	50,945	51,710	1.50%	
Transfer to Dental Insurance Trust		830,747	995,627	1,010,561	1,025,720	1,041,106	1,056,722	1,072,573	1.50%	
<b>TOTAL</b>	<b>0</b>	<b>76,281,110</b>	<b>81,952,229</b>	<b>87,168,511</b>	<b>92,195,442</b>	<b>97,005,541</b>	<b>101,438,007</b>	<b>106,053,922</b>		
<b>PROPERTY/LIABILITY INSURANCES</b>										
Property/Liability		0	0	0	0	0	0	0	2.00%	
Claims - General		1,250,000	1,250,000	1,275,000	1,300,500	1,326,510	1,353,040	1,380,101	2.00%	
Out of State Travel										
Surety Bonds		0	0	0	0	0	0	0	0.00%	
<b>TOTAL</b>	<b>0</b>	<b>1,250,000</b>	<b>1,250,000</b>	<b>1,275,000</b>	<b>1,300,500</b>	<b>1,326,510</b>	<b>1,353,040</b>	<b>1,380,101</b>	<b>0</b>	

## CITY OF BROCKTON FIVE YEAR EXPENDITURE PROJECTION

BEST PRACTICES

8/4/2017]

Expenditure Projections Brockton	FY 2016 Actual	FY2017 Prelim Recap	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected	Projection Percent	Notes
<b>ENTERPRISE FUNDS</b>										
Salaries & Wages		6,606,332	7,020,006	7,195,506	7,375,394	7,559,779	7,748,773	7,942,492		
Other Expenses		31,435,888	32,838,975	33,495,755	34,165,670	34,848,983	35,545,963	36,256,882	2.00%	
Capital		744,804	183,378	120,000	120,000	120,000	120,000	120,000	2.00%	
Debt		9,287,781	9,057,735	8,645,874	8,552,451	8,367,701	8,348,704	8,242,461		See Debt Detail
Reimbursement		709,659	2,962,266	3,500,000	3,570,000	3,641,400	3,714,228	3,788,513	2.00%	
<b>TOTAL</b>		<b>48,784,464</b>	<b>52,062,360</b>	<b>52,957,135</b>	<b>53,783,515</b>	<b>54,537,863</b>	<b>55,477,668</b>	<b>56,350,348</b>		
<b>OTHER AMOUNTS TO BE RAISED</b>										
Cherry Sheet offset		278,941	334,889	334,889	334,889	334,889	334,889	334,889	0.00%	
Tax Title		37,000	37,000	37,000	37,000	37,000	37,000	37,000		
Other		0	185,862	185,862	185,862	185,862	185,862	185,862		
Overlay / Prior Year Overlay Deficits	829,236	2,495,862	1,700,000	1,572,437	1,632,824	1,694,720	1,758,164	1,823,194	1.10%	Percent of net Tax Levy
<b>TOTAL</b>		<b>2,811,803</b>	<b>2,257,751</b>	<b>2,130,188</b>	<b>2,190,575</b>	<b>2,252,471</b>	<b>2,315,915</b>	<b>2,380,945</b>		
<b>STATE and COUNTY ASSESSMENTS</b>										
CountyAssessment		126,800	135,477	138,864	142,336	145,894	149,541	153,280	2.50%	\$16.26 per capita
State Retirement Teachers Health Ins	123,707								2.50%	
School Choice Sending Tuitions	1,037,038	1,328,445	1,427,128	1,462,806	1,499,376	1,536,861	1,575,282	1,614,664	2.50%	
Charter School Sending Tuition	4,063,601	4,662,175	10,634,615	10,900,480	11,172,992	11,452,317	11,738,625	12,032,091	2.50%	
Mosquito Control	99,037	101,106	107,869	110,566	113,330	116,163	119,067	122,044	2.50%	
Air Pollution	21,268	21,799	22,295	22,295	22,295	22,295	22,295	22,295	0.00%	
Special Education	117,655	117,655	75,921	77,819	79,765	81,759	83,803	85,898	2.50%	
RMV Non-Renewal Surcharge	288,880	288,880	254,100	259,182	264,366	269,653	275,046	280,547	2.00%	
Regional Transit	2,230,538	2,306,345	2,375,900	2,435,298	2,496,180	2,558,584	2,622,549	2,688,113	2.50%	
Old Colony Planning Council	32,962	32,453	34,480	34,480	34,480	34,480	34,480	34,480	0.00%	
<b>TOTAL</b>	<b>8,014,686</b>	<b>8,985,658</b>	<b>15,067,785</b>	<b>15,441,790</b>	<b>15,825,119</b>	<b>16,218,006</b>	<b>16,620,688</b>	<b>17,033,411</b>		
<b>FREE CASH - OVERLAY SURPLUS</b>										
Capital Stabilization Fund			0	0	0	0	0	0	3.00%	based on GF revenue growth
Court Judgements		719,270	0	0	0	0	0	0	0.00%	
Capital Outlay			0	0	0	0	0	0	0.00%	
Prior Year Appropriations			0	0	0	0	0	0		
Snow And Ice Deficit		825,018	0	0	0	0	0	0	0.00%	accumulated benefits
Retirement										
<b>TOTAL</b>		<b>1,544,288</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>ARTICLES FROM AVAILABLE FUNDS</b>										
Capital Outlay articles from other accounts										
One Time Expenses										
Supplemental Reserve Fund		162,976	245,647	245,647	245,647	245,647	245,647	245,647	0.00%	
Stabilization Fund		2,205,450	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000		FY19 40K for reval
<b>TOTAL</b>		<b>2,368,426</b>	<b>1,245,647</b>	<b>1,245,647</b>	<b>1,245,647</b>	<b>1,245,647</b>	<b>1,245,647</b>	<b>1,245,647</b>		
<b>TOTAL EXPENDITURES</b>		<b>413,058,147</b>	<b>423,467,738</b>	<b>436,666,341</b>	<b>450,078,228</b>	<b>463,223,772</b>	<b>476,306,894</b>	<b>490,008,986</b>		



## CITY OF BROCKTON COST OF LIVING WORKSHEET

Estimated Impact of Wage Cost Increases

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
COLA Factor	101.00%	101.00%	101.00%	101.00%	101.00%	101.00%
Step Increase Factor	101.50%	101.50%	101.50%	101.50%	101.50%	101.50%

Salary and Wages	FY2017 Budget	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
GENERAL GOVERNMENT	6,861,813	7,143,146	7,322,796	7,506,964	7,695,765	7,889,313	8,087,729
PUBLIC SAFETY	44,648,951	48,954,338	50,185,540	51,447,706	52,741,616	54,068,067	55,427,879
PUBLIC WORKS	5,409,766	5,901,232	6,049,648	6,201,797	6,357,772	6,517,670	6,681,589
HUMAN SERVICES	1,219,962	1,298,034	1,330,680	1,364,146	1,398,454	1,433,626	1,469,681
CULTURE & RECREATION	1,668,798	1,824,099	1,869,975	1,917,005	1,965,218	2,014,643	2,065,311
ENTERPRISE & Spec Rev Funds	6,606,332	7,020,006	7,195,506	7,375,394	7,559,779	7,748,773	7,942,492
		0	0	0	0	0	0
<b>TOTAL</b>	66,415,622	72,140,855	73,954,145	75,813,012	77,718,603	79,672,092	81,674,683
Total Financial Impact		5,725,233	1,813,290	1,858,867	1,905,591	1,953,489	2,002,591
% Change		8.6%	2.5%	2.5%	2.5%	2.5%	2.5%

# CITY OF BROCKTON FIVE YEAR RETIREMENT PROJECTION

## Hampden County

	Brockton % Retirement Share	PERAC Total Funding Schedule	Brockton Retirement Share
FY2017	93.20%	21,207,788	19,765,658
FY2018	93.20%	25,014,425	23,313,444
FY2019	93.20%	26,029,652	24,259,636
FY2020*	93.20%	27,014,218	25,177,251
FY2021*	93.20%	28,114,733	26,202,931
FY2022*	93.20%	29,260,571	27,270,852
FY2023*	93.20%	30,430,994	28,361,686

# CITY OF BROCKTON CAPITAL INVESTMENT WORKSHEET

## Existing Capital Investment

Existing Non-Exempt Debt Service  
 Authorized and Unissued Non-Exempt Debt  
 Capital Stabilization Fund  
 Capital Articles Pay As You Go  
 Existing Town Exempt Debt Service  
 Authorized and Unissued Exempt Debt  
**Total Existing Capital Investment**

Bud FY2017	Proj FY2018	Proj FY2019	Proj FY2020	Proj FY2021	Proj FY2022	Proj FY2023
14,317,776	10,252,794	11,804,487	12,124,254	12,276,064	12,362,079	12,749,983
	0	0	0	0	0	0
0						
0						
<b>14,317,776</b>	<b>10,252,794</b>	<b>11,804,487</b>	<b>12,124,254</b>	<b>12,276,064</b>	<b>12,362,079</b>	<b>12,749,983</b>

## New Capital Investment

Free Cash  
 Debt Service RunOff  
**Total New Capital Investment**

0	0	0	0	0	0	0
	2,364,195	1,624,757	2,097,977	2,540,359	3,671,667	4,447,625
	<b>2,364,195</b>	<b>1,624,757</b>	<b>2,097,977</b>	<b>2,540,359</b>	<b>3,671,667</b>	<b>4,447,625</b>

## Total Existing & New Capital Investment

14,317,776	12,616,989	13,429,244	14,222,230	14,816,423	16,033,746	17,197,607
	3.55%	3.75%	3.90%	4.00%	4.25%	4.50%

## Revenue Projection (less Enterprise Funds)

345,889,027	355,408,149	358,113,167	364,672,569	370,410,566	377,264,614	382,169,054
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## Capital Investment as % PY Revenue

	3.55%	3.75%	3.90%	4.00%	4.25%	4.50%
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## Capital Investment at 4.5% Target

	15,993,367	16,115,093	16,410,266	16,668,475	16,976,908	17,197,607
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## Amount of Increase to meet 4.5% target

	<b>3,376,377</b>	<b>2,685,849</b>	<b>2,188,035</b>	<b>1,852,053</b>	<b>943,162</b>	<b>0</b>
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# CITY OF BROCKTON REVENUE AND EXPENDITURE FOR EDUCATION

	FY2017 Prelim Recap	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected
<b>EXPENDITURES</b>							
Brockton Public Schools	168,105,030	161,043,295	165,471,986	170,022,465	174,698,083	179,502,280	184,438,593
School Choice Assessment	1,328,445	1,427,128	1,462,806	1,499,376	1,536,861	1,575,282	1,614,664
Charter Sending Assessment	4,662,175	10,634,615	10,900,480	11,172,992	11,452,317	11,738,625	12,032,091
Southeast Regional School	3,531,517	3,730,029	3,832,605	3,938,001	4,046,296	4,157,570	4,271,903
School Cost Budgeted in Other City Dep.	33,429,785	39,582,776	39,671,094	39,559,124	39,192,322	38,552,177	37,926,004
<b>TOTAL EXPENDITURE</b>	<b>211,056,952</b>	<b>216,417,843</b>	<b>221,338,971</b>	<b>226,191,959</b>	<b>230,925,879</b>	<b>235,525,934</b>	<b>240,283,255</b>
<b>Percent of GF Budget</b>	<b>57.94%</b>	<b>58.27%</b>	<b>57.68%</b>	<b>57.08%</b>	<b>56.50%</b>	<b>55.97%</b>	<b>55.41%</b>
<b>REVENUES</b>							
<u><b>State Revenues</b></u>							
Chapter 70 Education Aid	170,394,408	171,549,638	173,265,134	174,997,786	176,747,764	178,515,241	180,300,394
Charter School Reimbursement	416,544	2,262,238	2,284,860	2,307,709	2,330,786	2,354,094	2,377,635
School Choice Receiving Tuition	136,000	163,758	163,758	163,758	163,758	163,758	163,758
<b>Sub-Total</b>	<b>170,946,952</b>	<b>173,975,634</b>	<b>175,713,753</b>	<b>177,469,253</b>	<b>179,242,308</b>	<b>181,033,093</b>	<b>182,841,787</b>
<u><b>City Revenues</b></u>							
<u><b>City Paid Expenses</b></u>							
Auditor, Treasurer, Purchasing	3,600,000	4,000,000	4,040,000	4,080,400	4,121,204	4,162,416	4,204,040
Attendance	10,000	13,439	13,439	13,439	13,439	13,439	13,439
Parks & Rec (School use of grounds)		0	0	0	0	0	0
Tuition - Charter Schools							
<u><b>Benefits:</b></u>							
Employee Benefits	8,100,000	9,504,268	9,979,481	10,478,455	11,002,378	11,552,497	12,130,122
Health Excluding Retirees	25,400,000	25,856,295	27,924,799	29,879,535	31,672,307	33,255,922	34,918,718
<u><b>Insurances:</b></u>							
Retired Teachers health							
Retired employees health	2,700,000	2,916,000	3,120,120	3,307,327	3,472,694	3,646,328	3,828,645
Maintenance	300,000	612,273	612,273	612,273	612,273	612,273	612,273
FICA-Medicare			0	0	0	0	0
Medical & Basic Life		0	0	0	0	0	0
Other							
<b>Sub-Total</b>	<b>40,110,000</b>	<b>42,902,275</b>	<b>45,690,112</b>	<b>48,371,429</b>	<b>50,894,294</b>	<b>53,242,875</b>	<b>55,707,237</b>
<b>GRAND TOTAL</b>	<b>211,056,952</b>	<b>216,877,909</b>	<b>221,403,865</b>	<b>225,840,682</b>	<b>230,136,602</b>	<b>234,275,968</b>	<b>238,549,023</b>

## CITY OF BROCKTON ENTERPRISE FUNDS PROJECTED REVENUES AND EXPENDITURES

	FY 2016 Actual	FY2017 Prelim Recap	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected	Projection Percent
<b>RECREATION ENTERPRISE FUND</b>									
<b>Revenue</b>									
Annual Revenue	750,000	825,000	741,000	959,320	1,003,426	1,048,545	1,094,700	1,141,916	
Available Fund Balance	131,497	239,362	415,657	245,262	250,167	255,170	260,273	265,479	2.00%
City Subsidy	984,672	927,287	984,127	984,127	984,127	984,127	984,127	984,127	
<b>Total Revenue</b>	<b>1,866,169</b>	<b>1,991,649</b>	<b>2,140,784</b>	<b>2,188,708</b>	<b>2,237,719</b>	<b>2,287,842</b>	<b>2,339,101</b>	<b>2,391,522</b>	
<b>Expenditures</b>									
Salaries & Wages	970,367	981,141	1,021,807	1,047,352	1,073,536	1,100,374	1,127,884	1,156,081	2.50%
Other Expenses	895,802	1,010,508	1,118,977	1,141,357	1,164,184	1,187,467	1,211,217	1,235,441	2.00%
<b>Total Expenditures</b>	<b>1,866,169</b>	<b>1,991,649</b>	<b>2,140,784</b>	<b>2,188,709</b>	<b>2,237,720</b>	<b>2,287,842</b>	<b>2,339,100</b>	<b>2,391,522</b>	
<b>Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<i>The Recreation Enterprise Fund includes Golf and Community recreation services. The Golf activity generates most of the revenue. The Community Recreation services are formally subsidized by the General Fund in the amount of \$984,127. There is approximately another \$700,000 of recreation costs that are absorbed and included in the General Fund.</i>									
<b>REFUSE ENTERPRISE FUND</b>									
<b>Revenue</b>									
Annual Revenue	6,631,505	6,674,822	7,588,427	7,725,444	7,885,634	8,049,170	8,216,122	8,386,563	
Available Fund Balance	1,300,815	1,664,864	1,406,151	1,454,568	1,483,659	1,513,332	1,543,599	1,574,471	2.00%
City Subsidy									
<b>Total Revenue</b>	<b>7,932,320</b>	<b>8,339,686</b>	<b>8,994,578</b>	<b>9,180,012</b>	<b>9,369,293</b>	<b>9,562,502</b>	<b>9,759,721</b>	<b>9,961,033</b>	
<b>Expenditures</b>									
Salaries & Wages	894,030	974,694	1,108,504	1,136,217	1,164,622	1,193,738	1,223,581	1,254,171	2.50%
Expense Reimbursement	573,572	687,491	639,234	652,019	665,059	678,360	691,927	705,766	2.00%
Capital	98,159	96,650	0	0	0	0	0	0	
Debt Service	0	0	0	0	0	0	0	0	
Other Expenses	6,366,559	6,580,851	7,246,840	7,391,777	7,539,612	7,690,405	7,844,213	8,001,097	2.00%
<b>Total Expenditures</b>	<b>7,932,320</b>	<b>8,339,686</b>	<b>8,994,578</b>	<b>9,180,012</b>	<b>9,369,293</b>	<b>9,562,502</b>	<b>9,759,721</b>	<b>9,961,033</b>	
<b>Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>RENEWABLE ENERGY ENTERPRISE FUND</b>									
<b>Revenue</b>		86.03%							
Annual Revenue	115,000	118,000	120,000	129,540	132,131	134,774	137,469	140,219	
Available Fund Balance	31,644	19,168	29,951	23,410	23,878	24,356	24,843	25,339	2.00%
City Subsidy									
<b>Total Revenue</b>	<b>146,644</b>	<b>137,168</b>	<b>149,951</b>	<b>152,950</b>	<b>156,009</b>	<b>159,129</b>	<b>162,312</b>	<b>165,558</b>	
<b>Expenditures</b>									
Salaries & Wages									
Expense Reimbursement	31,644	19,168	29,951	30,550	31,161	31,784	32,420	33,068	2.00%
Capital									
Debt Service									
Other Expenses	115,000	118,000	120,000	122,400	124,848	127,345	129,892	132,490	2.00%
<b>Total Expenditures</b>	<b>146,644</b>	<b>137,168</b>	<b>149,951</b>	<b>152,950</b>	<b>156,009</b>	<b>159,129</b>	<b>162,312</b>	<b>165,558</b>	
<b>Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<i>The Renewable Energy Enterprise Fund has approximately \$100,000 of costs that are absorbed and included in the General Fund</i>									

# CITY OF BROCKTON ENTERPRISE FUNDS PROJECTED REVENUES AND EXPENDITURES

	FY 2016 Actual	FY2017 Prelim Recap	FY2018 Projected	FY2019 Projected	FY2020 Projected	FY2021 Projected	FY2022 Projected	FY2023 Projected	Projection Percent
<b>SEWER ENTERPRISE FUND</b>									
<b>Revenue</b>									
Annual Revenue	17,452,343	18,000,000	17,771,851	18,319,164	18,569,081	18,736,886	18,985,653	19,163,368	
Available Fund Balance	3,013,133	2,051,057	4,426,183	3,236,660	3,301,393	3,367,421	3,434,769	3,503,465	2.00%
City Subsidy									
<b>Total Revenue</b>	<b>20,465,476</b>	<b>20,051,057</b>	<b>22,198,034</b>	<b>21,555,824</b>	<b>21,870,474</b>	<b>22,104,307</b>	<b>22,420,423</b>	<b>22,666,833</b>	
<b>Expenditures</b>									
Salaries & Wages	1,676,702	1,641,528	1,656,750	1,698,169	1,740,623	1,784,139	1,828,742	1,874,461	2.50%
Expense Reimbursement	2,201,964	2,343,945	1,406,409	1,663,026	1,696,287	1,730,212	1,764,817	1,800,113	2.00%
Capital	1,031,273	0	117,914	120,000	120,000	120,000	120,000	120,000	
Debt Service	7,005,935	7,094,319	6,950,207	5,766,540	5,759,313	5,664,620	5,645,421	5,549,588	
Other Expenses	8,549,602	8,971,265	12,066,754	12,308,089	12,554,251	12,805,336	13,061,443	13,322,671	2.00%
<b>Total Expenditures</b>	<b>20,465,476</b>	<b>20,051,057</b>	<b>22,198,034</b>	<b>21,555,824</b>	<b>21,870,474</b>	<b>22,104,307</b>	<b>22,420,423</b>	<b>22,666,833</b>	
<b>Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>WATER ENTERPRISE FUND</b>									
<b>Revenue</b>									
Annual Revenue	14,996,571	17,650,000	18,408,515	18,611,170	18,856,179	19,104,367	19,450,002	19,792,370	
Available Fund Balance	2,192,120	539,904	170,498	1,268,470	1,293,839	1,319,716	1,346,111	1,373,033	2.00%
City Subsidy									
<b>Total Revenue</b>	<b>17,188,691</b>	<b>18,189,904</b>	<b>18,579,013</b>	<b>19,879,640</b>	<b>20,150,019</b>	<b>20,424,083</b>	<b>20,796,112</b>	<b>21,165,402</b>	
<b>Expenditures</b>									
Salaries & Wages	2,765,332	3,008,969	3,232,945	3,313,769	3,396,613	3,481,528	3,568,566	3,657,781	2.50%
Expense Reimbursement	1,804,570	2,067,143	916,623	1,184,955	1,208,655	1,232,828	1,257,484	1,282,634	2.00%
Capital	0	0	65,464	0	0	0	0	0	
Debt Service	2,229,819	2,193,462	2,107,528	2,879,334	2,793,138	2,703,081	2,703,283	2,692,873	
Other Expenses	10,388,970	10,920,330	12,256,453	12,501,582	12,751,614	13,006,646	13,266,779	13,532,114	2.00%
<b>Total Expenditures</b>	<b>17,188,691</b>	<b>18,189,904</b>	<b>18,579,013</b>	<b>19,879,640</b>	<b>20,150,019</b>	<b>20,424,083</b>	<b>20,796,112</b>	<b>21,165,402</b>	
<b>Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

*The Water Enterprise Fund has approximately \$2,000,000 of costs that are absorbed and included in the General Fund.*

<b>ENTERPRISE FUNDS EXPENDITURE SUMMARY</b>								
Salaries & Wages	6,306,431	6,606,332	7,020,006	7,195,506	7,375,394	7,559,779	7,748,773	7,942,492
Other Expenses	26,347,577	27,620,122	32,838,975	33,495,755	34,165,670	34,848,983	35,545,963	36,256,882
Capital	1,129,432	96,650	183,378	120,000	120,000	120,000	120,000	120,000
Debt	9,235,754	9,287,781	9,057,735	8,645,874	8,552,451	8,367,701	8,348,704	8,242,461
Reimbursement	4,580,106	5,098,579	2,962,266	3,500,000	3,570,000	3,641,400	3,714,228	3,788,513
<b>TOTAL</b>	<b>47,599,300</b>	<b>48,709,464</b>	<b>52,062,360</b>	<b>52,957,135</b>	<b>53,783,515</b>	<b>54,537,863</b>	<b>55,477,669</b>	<b>56,350,348</b>

Revenue	52,062,360	52,957,134	53,783,514	54,537,863	55,477,669	56,350,348
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**CIP CAPITAL INVESTMENT****BROCKTON GENERAL FUND NON- EXEMPT DEBT SERVICE & PAY AS YOU GO**

FISCAL YEAR	Existing General Fund Debt Service	Pay Down Principal	Auth/Unissued Estimated Debt Service	FY18-FY22 CIP Proposed Capital Stabilization	FY18-FY22 CIP Proposed Capital Investment	GRAND TOTAL	Total Budget From Rev Proj Model (less Enterprise)	as % of Budget
2017	11,261,484					11,261,484	345,889,027	3.26%
2018	10,252,794				2,364,195	12,616,989	355,408,149	3.55%
2019	11,804,487				1,624,757	13,429,244	358,113,167	3.75%
2020	12,124,254				2,097,977	14,222,230	364,672,569	3.90%
2021	12,276,064				2,540,359	14,816,423	370,410,566	4.00%
2022	12,362,079				3,671,667	16,033,746	377,264,614	4.25%
2023	12,749,983				4,447,625	17,197,607	382,169,054	4.50%
2024	13,087,932				4,333,244	17,421,176	387,137,251	4.50%
2025	13,561,169				4,086,483	17,647,652	392,170,036	4.50%
2026	14,152,193				3,724,878	17,877,071	397,268,246	4.50%
2027	14,775,554				3,333,919	18,109,473	402,432,733	4.50%
2028	15,431,356				2,913,540	18,344,896	407,664,359	4.50%
2029	1,790,925				16,792,455	18,583,380	412,963,995	4.50%
2030	1,747,580				17,077,384	18,824,964	418,332,527	4.50%
2031	1,703,179				17,366,510	19,069,688	423,770,850	4.50%
2032	1,207,721				18,109,873	19,317,594	429,279,871	4.50%
2033	1,164,664				18,404,059	19,568,723	434,860,510	4.50%
2034	1,121,150				18,701,966	19,823,116	440,513,696	4.50%
2035	1,077,180				19,003,637	20,080,817	446,240,374	4.50%
2036						0		
2037						0		
TOTAL	163,651,745	0	0	0	160,594,528	324,246,274		

**CIP CAPITAL INVESTMENT**  
**BROCKTON WATER AND SEWER DEBT SERVICE**

FISCAL YEAR	Existing WATER / SEWER Debt Service	Auth/Unissued Estimated Debt Service	FY2018-FY2022 CIP Proposed Pay Go	FY2018-FY2022 CIP Proposed Debt (estimated)	GRAND TOTAL
2017	8,786,384				8,786,384
2018	8,928,002				8,928,002
2019	8,645,874				8,645,874
2020	8,552,451				8,552,451
2021	8,367,701				8,367,701
2022	8,348,704				8,348,704
2023	8,242,461				8,242,461
2024	8,173,523				8,173,523
2025	8,178,744				8,178,744
2026	7,030,371				7,030,371
2027	5,486,476				5,486,476
2028	3,237,254				3,237,254
2029	1,859,042				1,859,042
2030	1,514,144				1,514,144
2031	1,515,522				1,515,522
2032	933,821				933,821
2033	935,271				935,271
2034	532,629				532,629
2035	533,494				533,494
2036	415,461				415,461
2037	310,179				310,179
<b>TOTAL</b>	<b>100,527,509</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100,527,509</b>



### ***ABOUT THE CENTER***

The Edward J. Collins, Jr. Center for Public Management in the McCormack Graduate School of Policy and Global Studies at the University of Massachusetts Boston was established in 2008 to improve the efficiency and effectiveness of all levels of government. The Center is funded by the Commonwealth and through fees charged for its services.



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August 4, 2017

The Honorable William I. Carpenter  
Mayor of Brockton  
City Hall  
45 School Street  
Brockton, MA 02301

Re: Brockton Financial Forecast (FY2019-FY2023)

Mayor Carpenter,

On behalf of the Edward J. Collins, Jr. Center for Public Management at the University of Massachusetts Boston (Center), I am pleased to submit to you the results of the effort to prepare a five year financial forecast for the City of Brockton. This project was funded by a Community Compact grant awarded to the City by the Commonwealth.

The purpose of a financial forecast is to provide policymakers with the information they need to make informed decisions around a municipality's financial strategies and policies, long-term financial and capital planning, and long-term contracts or obligations. It is the product of a myriad of different projections for specific revenues and expenditures, and, although each individual line item may not be exact, taken as a whole, a conservatively written financial forecast can offer a municipality a close approximation of what its financial future will likely be. In a forecast, the current fiscal year's budget serves as the foundation and then the five subsequent years are forecasted. Importantly, a forecast can be used to identify an impending financial shortfall so that corrective action can be taken early and some of the negative impact can be avoided. In addition, one time revenues can be identified and used to fund one-time expenses (such as capital expense), make deposits against unfunded liabilities, and/or add to stabilization funds.

Please notice that the Center has prepared two separate forecasts for your use. The files have identical formats, but some of the assumptions are different. The different approaches are described below.

The first forecast tool (labeled as "Baseline") incorporates all of the City's FY2018 budget assumptions and carries them forward into the future five years through FY2023. On the summary page, it can be seen that projected growth in expenditures is more rapid than growth in revenues, leading to a potential annual shortfall of between \$6.1 million (FY2022) and \$7.5 million (FY2021). In preparing this version of the forecast, the project team has come to see just how conservatively the City has been budgeting its revenues and expenditures over the past several years. This is certainly understandable given the Great Recession of 2007-08, and the approach has proven successful in that it has provided the City with a very substantial cushion against potential declines in revenue and/or unanticipated increases in expenditure.

However, in the project team's professional opinion, a slightly less conservative forecast can have merit for Brockton. The second forecast tool (labeled as "Best Practices") is designed help the City begin to address some of its long term unfunded obligations and reduce its dependence on free cash<sup>1</sup> at a faster rate than the

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<sup>1</sup> The Massachusetts Department of Revenue defines free cash as "...unexpended free cash from the previous year, actual receipts in excess of revenue estimates shown on the tax recapitulation sheet, and unspent amounts in budget line-items."

“Baseline” forecast, while also implementing a number of other best practices in financial management. Nevertheless, this forecast still retains a significant safeguard against adverse changes in revenue. Modifications made in the Best Practices version include:

- Used FY2018 local aid figures adopted by the State;
- Increased growth projection for State funding for public education (Chapter 70 School Aid) from 0.5% to 1.0% per year to more closely align to actual growth in recent years (approximately 3.0%);
- Aligned projected local receipts more closely with prior year actuals and continued to modestly increase revenue expectations over the forecast period;
- Reduced dependence upon free cash to balance the operating budget at a rate of \$2 million per year, instead of a \$1 million per year reduction as included in the City forecast;
- Reduced the amount of funds set aside in anticipation of tax abatements / property tax exemptions (called “overlay surplus”) from 1.3% to 1.0% of revenues; and,
- Established a budgetary line item to make regular annual payments to either: a) increase the City’s payment against its retirement obligations; or, b) to begin to address its OPEB<sup>2</sup> liability. Funding will begin with \$100,000 in FY2019 and increase by \$100,000 per year thereafter, so that amount funded in FY2023 will be \$500,000. Although the impact on each year’s budget will be extremely modest (\$100,000 against a \$430+ million budget), the deposits made will be invested and generate additional investment income year after year. If the City elects to make the additional deposits toward retirement in the near term, once that is fully funded, the annual deposit and same process can be used toward the OBEB obligation.

Key among financial best practices is to use one-time resources, such as free cash, to fund one-time expenses and not ongoing expenses. By taking steps to reduce the use of free cash for operations, the City will not only be implementing this best practice but will also be reducing its reliance upon this variable funding source and stabilizing its financial standing. If the City implements the best practices forecast and takes steps to reduce the use of free cash by \$2 million per year, use of free cash for this purpose could conceivably cease by FY2025. This would leave free cash to be used to grow the City’s reserves and to increase its capital investment.

A comparison between the two approaches reveals that the Best Practices forecast offers a significant reduction in the projected deficit in FY2019 (\$6.3 million deficit in the Baseline forecast as compared to \$4.7 million in the Best Practices forecast), and a deficit in the out years that is nearly the same as the Baseline forecast, while also significantly increasing retirement/OPEB funding and reducing the use of free cash.

We look forward to meeting with you and your financial team to review the forecasts and discuss how they can be of use to the City. In addition, as part of our scope of services, we are prepared to make a formal presentation to the City Council about the forecasting effort, if you believe that would be helpful.

Respectfully,



Stephen McGoldrick  
Director

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<sup>2</sup> Other Post-Employment Benefits (OPEB) includes benefits other than pension that an employee receives after retirement, such as health care or life insurance premiums.